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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank March/April 1985

150 Years of Sugar in Hawaii

As we recognize the 150th sesquicentennial anniversary of the sugar industry in Hawaii, the industry is facing the greatest threat to its existence in its history. If the proposed modifications to the U.S. Agriculture and Food Act of 1981 (the Farm Act) are enacted by the U.S. Congress, the Hawaiian sugar industry could be devastated.

According to the Department of Planning and Economic Development, total sugar-related employment comes to around 19,200 jobs or 4 percent of all jobs in the state. However, on the Neighbor Islands, sugar-related employment accounts for 29 percent of jobs on Kauai, 17 percent on Hawaii, and 13 percent on Maui, compared to 1 percent on Oahu. Likewise, income from sugar in 1982 came to 21 percent of total income on Kauai, 13 percent on Hawaii, 12 percent on Maui, compared to 1 percent on Oahu. Sugar occupies 188,395 acres or 71 percent of all the agricultural land in Hawaii, accounting for 97 percent of all cultivated lands on Kauai, 75 percent on Hawaii, 65 percent on Oahu, and 57 percent on Maui. Sugar also contributes around 10 percent of total state tax revenues. Loss of the industry to Hawaii would be an economic disaster of unprecedented magnitude.

The Hawaii sugar industry is now protected by Title IX of the Farm Act. The provisions include a sugar loan fund where a producer unable to sell his crop is eligible for a loan using his crop as collateral. The loan rate is based on an estimated average cost of production, and was set at 17.75 cents per pound in 1984. Congress also specified that the government should avoid accumulating stocks of sugar by establishing a Market Stabilization Price (MSP). The MSP estimates the actual price that producers must receive to sell their crop, and is composed of the loan rate plus transportation costs, interest, and a producers incentive margin. The MSP is currently at 21.57 cents a pound, 3.82 cents a pound over the loan rate of 17.75 cents a pound. To assure that the actual market price of sugar reflects the MSP, and producers sell their crops, a system of country-by-country import quotas controls the supply and, ultimately, the price of sugar in the U.S. That is possible because about a third of the sugar consumed in the United States is imported.

The need for such a system reflects the realities of the world sugar market. At present, over 40 countries around the world produce around 100 million tons of sugar. Surplus sugar not domestically consumed or traded, roughly 20 million tons a year, is dumped on the so-called "world market." Prices in this market bear no relation to production costs, and fluctuate according to available supply. In 1980, the price was 40 cents a pound. In 1984 it fell to less than 4 cents a pound. Thus, the current price-support system protects our sugar industry from the volatile world surplus market, while maintaining stable prices to insure a steady supply of domestically produced sugar.

The proposed changes in the Farm Bill would cut the loan rate for sugar to 12 cents a pound. Sugar import quotas would be terminated, thereby allowing the domestic market price to fall to world levels. In expectation of industry losses as a result of falling prices, a contingency program of direct payments would subsidize producers based on the difference between the market price and a predetermined target price set to decline to 12 cents in 1990. The payments, however, would be meaningless to Hawaii's large corporate growers because of a limitation of $10,000 per operator set for 1988.

Proponents of the changes argue that easing import restrictions would reduce the domestic price of sugar, and cut back federal dollars needed to support the industry. However, under the proposed changes neither market prices, target prices, or loan rates will bear any relation to the costs of production. Producers may not be able to either sell **or** borrow, and will ultimately be **forced** to accept government payments. Opening the American market, which is roughly 9 million tons annually, to foreign sugar would eliminate any surplus and erase any price advantage the world price seemed to offer. Erratic price fluctuations would eventually drive American producers out of business, creating a total dependency on an unreliable supply of imported foreign sugar. The result would be lost jobs, increasing welfare costs, and an increase in the balance-of-trade deficit by an estimated $2 billion a year.

The Farm Act has cost nothing because whatever support the program extends is in loans. Domestic producers borrowed $650 million on 1,312,500 tons of sugar in the 1983/84 sugar season. But, all loans were repaid at market interest rates, and the government did not accumulate any forfeited sugar.

True, federal deficits demand a serious examination of government expenditures. But, eliminating programs that have been costless for economic benefits which are illusory, while at the same time destroying a major portion of Hawaii's economy, is no solution to the problem.

Our responsibilities as a community are clear in supporting the work of our leadership to defeat the changes to the Farm Bill. Hawaii needs the existing support system. Recent developments in Congress appear encouraging. But, let it not be said in retrospect that 1985, the 150th anniversary of sugar's birth in Hawaii, was the year of sugar's demise as an industry.

FIRST HAWAIIAN BANK
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CURRENT BUSINESS TRENDS

The Hawaiian economy began the new year at a healthy pace, with gross business receipts in January totalling $2.2 billion, up 11 percent from December's $2.0 billion. Although January's business sales performance was good due to strong seasonal post-Christmas sales of $728 million, it lagged 4 percent behind January of 1984 because of that month's unusually strong retail activity. The same was true in wholesaling, which experienced striking over-the-month gains of 22 percent from December, but suffered a 2 percent decline in comparison to corresponding 1984 figures.

Hawaii's tourism industry also saw strong growth. Total overnight and longer visitor counts for February stood at 412,000, a gain of 4 percent over February of last year. This brought the two-month total for 1985 to 843,600 visitors: 9 percent above the same period in 1984. Although a strong showing, this represents the first cumulative annual gain that failed to achieve double digits since January of 1984, and marks a moderation of the 14 percent growth pace set this January.

Mainland visitors through February of this year were up 13 percent from 1984. Visitors from the southern states saw a significant increase, but that was offset by a decline in the large California visitor flow. Foreign visitors, primarily from Europe and Japan, were up 17 percent despite the continuing strength of the U.S. dollar. However, Canadian visitors were down 18 percent.

Compared to last year, most of February's county visitor tallies were lagging, especially on the Big Island where the 68,110 westbound visitors for the month was 13 percent behind the 78,176 number for February of last year. Still, the high visitor traffic for most of the islands in January was sufficient to boost the two-month totals for this year above 1984 levels. Oahu's cumulative total through February was 485,090, up 7 percent; Maui's total was 336,300, up 10 percent; and Kauai continued to lead the other counties by tallying 143,300 visitors for the year, up 12 percent. The

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	4th Qtr.	3,764	1.9	9.7
In 1972 Dollars	bil. $	4th Qtr.	1,665	1.2	5.8
PERSONAL INCOME**	bil. $	January	3,130p	0.5	8.0
INTEREST RATES					
AVERAGE PRIME RATE	percent	February	10.50	−1.0	−4.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	January	324.9p	2.0	15.7
CONSTRUCTION COST INDEXES:					
Residences	1967=100	November	363.3	0.2[1]	5.7
Apts, Hotels, Office Bldgs	1967=100	November	363.7	0.1[1]	3.1
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	January	106,391	0.1	3.0
UNEMPLOYMENT*	thous.	January	8,484	3.6	−6.0
UNEMPLOYMENT RATE*	percent	January	7.4	2.8	−7.5
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967=100	February	313.9	0.4	3.5
All Urban Consumers	1967=100	February	317.4	0.4	3.5
PRODUCER PRICE INDEXES:					
Finished Goods*	1967=100	January	292.4p	0.0	1.1
All Commodities	1967=100	December	309.9p	−0.2	1.2

p=preliminary. *Seasonally adjusted.
[1]Compared to September, 1984 **Seasonally adjusted at annual rates.

business activity in hawaii

TOURISM					
VISITOR EXPENDITURES	mil. $	1983	4,000p	.....	8.1
OVERNIGHT OR LONGER VISITORS	number	February	412,000p	−4.5	3.9
	number	Jan.-Feb.	843,600p	.....	8.8
Westbound	number	February	318,940p	−4.8	1.8
	number	Jan.-Feb.	653,870p	.....	9.1
Eastbound	number	February	93,060p	−3.7	11.8
	number	Jan.-Feb.	189,730p	.....	7.5
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Feb.	123,550p	.....	6.2
AVERAGE LENGTH OF STAY	no. of days	Jan.-Feb.	11.1p	.....	−4.3
MEETING ATTENDANCE	number	January	28,761	.....	21.5
ORGANIZED GROUP TOURS	number	Jan.-Feb.	164,970p	.....	18.5
VISITOR COUNT BY COUNTY[1]					
Oahu	number	February	234,370p	−6.5	−1.8
	number	Jan.-Feb.	485,090p	.....	6.9
Maui County	number	February	166,570p	−1.9	−0.1
	number	Jan.-Feb.	336,300p	.....	10.5
Hawaii	number	February	68,110p	−0.1	−12.9
	number	Jan.-Feb.	136,300p	.....	−1.8
Kauai	number	February	75,510p	11.4	4.6
	number	Jan.-Feb.	143,300p	.....	11.8
VISITOR ACCOMMODATIONS:					
STATE	number	October	64,588	1.0[2]	7.3
Oahu	number	October	38,358	1.2[2]	7.3
Waikiki	number	October	33,649	1.4[2]	5.7
Maui (Island)	number	October	12,959	2.1[2]	8.5
Molokai	number	October	633	0.6[2]	1.1
Lanai	number	October	0	−100.0[2]	−100.0
Hawaii	number	October	6,944	−3.7[2]	−4.1
Kauai	number	October	5,694	3.5[2]	23.6
HOTEL OCCUPANCY:					
STATE	percent	January	84.4p	11.3	29.6
Oahu	percent	January	82.5p	4.6	20.1
Maui (Island)	percent	January	80.1p	−3.6	9.7
Hawaii	percent	January	60.7p	2.7	26.7
Kauai	percent	January	60.5p	−7.8	16.8

p=preliminary. [1]Estimated Westbound.
[2]Compared to June, 1984.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	4 Qtrs., 1984	1,950	.....	1.0
Military Payroll	mil. $	4 Qtrs., 1984	837.8	.....	4.5
Civilian Payroll	mil. $	4 Qtrs., 1984	601.5	.....	4.5
Local Purchases	mil. $	4 Qtrs., 1984	511.1	.....	−7.6
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	thous. $	1983	266,500	.....	15.5
SUGAR PRODUCTION	thous. tons	January	9.8	.....	15.3
N. Y. RAW SUGAR PRICE	$/ton	January	414.40	.....	−3.7
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1983	100,376	.....	6.4
SHIPMENTS: CANNED[3]	mil. $	January	12.5	.....	−60.1
FRESH	thous. lbs.	January	20,314	.....	6.8
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1983	112,618	.....	8.3
FLOWERS & NURSERY PRODUCTS	thous. $	1983	36,165	.....	18.2
Anthurium Outshipments[4]	th. dozens	January	101.0	.....	−17.8
Potted Foliage Plants	thous. $	1983	10,836	.....	22.9
FRUITS & NUTS	thous. $	1983	38,521	.....	−8.2
Papaya Sales	th. lbs.	January	3,700	.....	−26.4
Average Farm Price	cents/lb.	January	15.0	15.4	23.0
Macadamia Nut Sales (in shell)	th. lbs.	1983	38,160	.....	3.9
Average Farm Price	cents/lb.	1983	68.0	.....	−8.0
VEGETABLES AND MELONS[5]	th. lbs.	January	4,472	.....	−13.8
LIVESTOCK	thous. $	1983	86,413	.....	10.2
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Dec.	31,160	.....	−0.4
Average Farm Price (Feedlot Beef)	cents/lb.	December	89.5	1.1	−6.3
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Dec.	6,232	.....	1.7
Average Farm Price	cents/lb.	December	103.5	−1.4	1.0
MILK PRODUCTION	mil. lbs.	Jan.-Dec.	148.3	.....	−0.5
Average Price Sold to Plants	$/100 lbs.	December	20.05	−0.5	0.5
EGG PRODUCTION	mil.	Jan.-Dec.	210.6	.....	5.6
Average Farm Price	cents/doz.	December	85.0	1.8	−1.2
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE	mil. $	January	85.3	.....	−25.3
PRIVATE PERMITS AUTHORIZED					
STATE:					
RESIDENTIAL	thous. $	January	33,511	.....	11.7
Single Family Units	number	January	233	.....	−39.9
Multiple Family Units	number	January	193	.....	865.0
NONRESIDENTIAL	thous. $	January	22,192	.....	29.6
OAHU:					
RESIDENTIAL	thous. $	January	18,044	.....	−4.7
Single Family Units	number	January	85	.....	−64.9
Multiple Family Units	number	January	134	.....	1,016.7
NONRESIDENTIAL	thous. $	January	15,092	.....	36.8
MAUI CO.:					
RESIDENTIAL	thous. $	January	3,417	.....	−0.8
Single Family Units	number	January	39	.....	−18.8
Multiple Family Units	number	January	9	.....	100.0
NONRESIDENTIAL	thous. $	January	1,408	.....	239.3
HAWAII:					
RESIDENTIAL	thous. $	January	3,963	.....	−15.8
Single Family Units	number	January	73	.....	9.0
Multiple Family Units	number	January	6	.....	−25.0
NONRESIDENTIAL	thous. $	January	5,701	.....	32.2
KAUAI:					
RESIDENTIAL	thous. $	January	7,432	.....	155.9
Single Family Units	number	January	36	.....	16.1
Multiple Family Units	number	January	44	.....	100.0
NONRESIDENTIAL	thous. $	January	646	.....	−52.4

[3]Gross taxable income valued at time of shipment.
[4]From Hawaii County.
[5]Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.

Big Island's weak February totals was enough to negate January's strong tourist count, depressing its cumulative figure 2 percent behind the same period in 1984.

Hotel occupancies in January reflected that month's high visitor traffic. Statewide, occupancies were at 84 percent of rooms filled, up 12 percent over the previous January and 17 percent over the previous month. Over the year, Oahu and Maui enjoyed moderate gains of 8 percent and 9 percent, respectively, with Oahu enjoying a particularly good month at 92 percent of rooms filled. The Big Island and Kauai continued to experience a soft market with occupancies of 64 percent and 67 percent, respectively. In light of a 24 percent increase in its number of visitor accommodations available, Kauai's occupancies, which equaled last summer's peak period, appear to be a significant improvement. In contrast, the Big Island's occupancies appear relatively lower in the face of its 4-percent reduction in rooms.

With lowered interest rates and the return to normal operations following last year's crippling strikes, the construction industry began its recovery in the new year, with new construction in January totalling $85.3 million, up 5 percent from December. Construction jobs showed similar improvement, up 10 percent in January over-the-month. Nevertheless, due to the fact that the labor strikes occurred in the second half of 1984, both construction-put-in-place and construction jobs remained depressed compared to last year by 25 percent and 8 percent, respectively.

In most of the state, employment statistics in January showed little change. Overall, civilian labor force and employment totals changed less than a percentage point compared to either December or January of last year. On Maui, however, the labor force and employment figures showed resumption of a seasonal pattern of moderate growth following the post-summer labor slump. Maui's civilian labor force showed a monthly gain of 2 percent in January, while the number of persons employed rose 2 percent. This produced an unemployment rate of 6 percent, a full percentage point below the rate for January last year.

In contrast, Hawaii's unemployment and unemployment rates did move sharply downward, due to the seasonal departure of temporary hires and students from the labor force, but also due to the ending of last year's construction strikes in December and this January. The greatest relief was experienced on Oahu and Kauai, where the number of

unemployed fell from December's levels by 15 percent and 13 percent, respectively. Unemployment rates on Maui and Kauai were also down by 14 percent and 27 percent, respectively, compared to January, 1984 figures.

Statewide, job counts dropped slightly in January but were still ahead of the same period last year by 2 percent, led by gains in retail, hotel, and other tourism-related service industries. January job increases were paced by construction, which, as mentioned earlier, recorded a 10 percent jump following the settlement of the carpenter and electrical workers strikes. The sugar industry also boosted payrolls by 7 percent because of new field worker hires. Reflecting the continuing surge in tourism, hotel job counts grew in January by 2 percent, 5 percent above January last year. Job losses were principally suffered by the pineapple industry, which experienced seasonal and long-term job reductions of 23 percent in January, and by diversified agriculture, whose job counts dropped by 15 percent over the month.

SUGAR AND HAWAII

The first sugar plantation was started in 1835 at Koloa, Kauai, by New England merchants. After years of difficulties, the operation folded in 1845 and was sold. Fortunately for Hawaii, the problems of this early venture did not deter later sugar growers. In fact, the stumbling steps of the pioneering Ladd and Company mill in Koloa marked the beginning of an industry whose growth and dominance in Hawaii has profoundly shaped the evolution of the state, and molded the profile of its people.

It was in Hawaii's political and social history that the sugar industry's influence was most profound. After being elected King of Hawaii in 1873, David Kalakaua, aware of the economic importance of sugar and supported by foreign interests, began to forge stronger ties between Hawaii and the United States by securing a treaty of reciprocity between the two nations that would allow Hawaii's sugar to enter the U.S. duty free. This put Hawaii in a better position to compete against low-cost sugar from the Philippines and China. In return, the treaty provided the U.S. with a new source of sugar, for which demand was rising due to the California gold rush and the loss of southern sugar supplies during the Civil War. America was also granted exclusive use of what is now Pearl Harbor, thus establishing Hawaii as a strategic defense outpost.

The Reciprocity Treaty helped to firm

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC CONTRACTS AWARDED						
TOTAL GOVERNMENT PROJECTS:						
STATE		thous. $	Jan.-Feb.	45,574	.....	31.4
Oahu		thous. $	Jan.-Feb.	29,739	.....	40.1
Maui County		thous. $	Jan.-Feb.	12,127	.....	396.6
Hawaii		thous. $	Jan.-Feb.	3,023	.....	−44.9
Kauai		thous. $	Jan.-Feb.	685.9	.....	−87.6
BY LEVEL OF GOVERNMENT:						
Federal		thous. $	Jan.-Feb.	4,156	.....	−19.4
State		thous. $	Jan.-Feb.	5,241	.....	−68.6
County		thous. $	Jan.-Feb.	36,178	.....	182.0
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1967 = 100	February	351.6	0.2	2.6
HIGH-RISE		1967 = 100	February	368.5	−0.2	2.0
REAL ESTATE						
NEW SALES						
OAHU:	Single Family	number	January	186	.....	46.5
	Condominium	number	January	173	.....	137.0
RESALES						
STATE:	Single Family	number	January	121	.....	6.1
	Average Price	dollars	January	170,292	.....	−7.3
	Condominium	number	January	160	.....	11.9
	Average Price	dollars	January	103,281	.....	−11.8
OAHU:	Single Family	number	January	88	.....	23.9
	Average Price	dollars	January	188,935	.....	−15.3
	Condominium	number	January	126	.....	17.8
	Average Price	dollars	January	96,369	.....	−10.0
MAUI CO.:	Single Family	number	January	12	.....	−7.7
	Average Price	dollars	January	168,708	.....	27.5
	Condominium	number	January	28	.....	7.7
	Average Price	dollars	January	136,627	.....	−15.3
HAWAII:	Single Family	number	January	15	.....	−34.8
	Average Price	dollars	January	76,867	.....	−16.0
	Condominium	number	January	4	.....	−42.9
	Average Price	dollars	January	83,231	.....	−21.3
KAUAI:	Single Family	number	January	6	.....	−14.3
	Average Price	dollars	January	133,583	.....	−26.6
	Condominium	number	January	2	.....	−33.3
	Average Price	dollars	January	112,000	.....	−5.2
BUSINESS SALES						
GROSS BUSINESS RECEIPTS		mil. $	January	2,215.6	.....	−3.8
DIVERSIFIED MANUFACTURING		mil. $	January	39.1	.....	−22.9
DIVERSIFIED AGRICULTURE		mil. $	January	25.0	.....	4.6
RETAILING		mil. $	January	803.8	.....	−4.3
WHOLESALING		mil. $	January	615.3	.....	−1.8
SERVICES		mil. $	January	512.0	.....	6.4
OAHU NEW CAR SALES		number	January	3,294p	.....	−7.4
PUBLIC UTILITIES						
ELECTRICITY GENERATED		mil. kwh.	January	573.5	.....	−2.8
GAS SALES		th. therms.	January	4,187	.....	3.1
TELEPHONE LINES IN SERVICE		thous.	January	473.8	0.3	2.4
HONOLULU PRICES						
HONOLULU CONSUMER PRICE INDEX:						
Wage Earners and Clerical Workers		1967 = 100	February	300.3	0.5	5.6
All Urban Consumers		1967 = 100	February	292.6	0.5	4.2

p = preliminary.

FIRST
Member FDIC

population and income in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1984	1,141p	.....	2.3
Total Resident Population	thous.	July 1, 1984	1,039p	.....	2.1
OAHU:					
Total De Facto Population	thous.	July 1, 1984	865.2p	.....	2.2
Total Resident Population	thous.	July 1, 1984	803.0p	.....	1.7
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1984	107.1p	.....	3.4
Total Resident Population	thous.	July 1, 1984	83.3p	.....	4.6
HAWAII:					
Total De Facto Population	thous.	July 1, 1984	115.8p	.....	2.1
Total Resident Population	thous.	July 1, 1984	107.8p	.....	2.0
KAUAI:					
Total De Facto Population	thous.	July 1, 1984	52.5p	.....	3.1
Total Resident Population	thous.	July 1, 1984	44.6p	.....	3.2
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1984	981.4p	.....	1.9
MILITARY PERSONNEL:					
STATE	number	July 1, 1984	60,804	.....	3.0
Ashore	number	July 1, 1984	56,321	.....	4.8
Afloat	number	July 1, 1984	4,483	.....	−14.9
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1984	67,083	.....	1.3
FOREIGN IMMIGRATION[1]	number	Jan.-Feb.	999	.....	33.7
INCOME					
TOTAL PERSONAL INCOME[2,3]	mil. $	3rd Qtr., 1984	13,465p	1.4	9.2
EMPLOYMENT INCOME[3]	mil. $	3rd Qtr., 1984	9,725p	0.6	8.2
Manufacturing	mil. $	3rd Qtr., 1984	433p	−4.8	−4.0
Construction & Mining	mil. $	3rd Qtr., 1984	508p	−4.9	−4.9
Wholesale	mil. $	3rd Qtr., 1984	416p	2.2	10.3
Retail	mil. $	3rd Qtr., 1984	1,095p	−0.5	8.1
Finance, Ins., & Real Estate	mil. $	3rd Qtr., 1984	672p	0.7	8.0
Trans., Comm., & Util.	mil. $	3rd Qtr., 1984	876p	2.2	17.1
Services	mil. $	3rd Qtr., 1984	2,158p	2.0	10.5
Farm & Other	mil. $	3rd Qtr., 1984	315p	4.0	9.0
Federal Civilian	mil. $	3rd Qtr., 1984	870p	1.6	1.3
Federal Military	mil. $	3rd Qtr., 1984	1,263p	1.6	14.5
State & Local	mil. $	3rd Qtr., 1984	1,120p	−0.3	7.9
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd Qtr., 1984	2,614p	4.4	15.2
TRANSFER PAYMENTS (1,764) minus Personal Contributions for Social Insurance (639)	mil. $	3rd Qtr., 1984	1,125p	1.7	4.1
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1983	12,114p	.....	4.5
Oahu	dollars	1982	12,130p	.....	5.3
Maui County	dollars	1982	10,458p	.....	7.1
Hawaii	dollars	1982	9,148p	.....	2.2
Kauai	dollars	1982	9,869p	.....	5.8

***Total personal income and all components are seasonally adjusted at annual rates.*
[1]Includes only those entering Honolulu ports and do not include status changes.
[2]Includes wage and salary disbursements, proprietors' income, and other labor income.

p = preliminary.

HAWAIIAN BANK
Established 1858

relations between Hawaii and the U.S., which had feared that the growing influence and interest of Great Britain in the islands might lead to the colonization of Hawaii. The treaty was thus a significant stepping stone in the growing diplomatic relationship between Hawaii and America, which would lead to annexation, and ultimately statehood.

With passage of the Reciprocity Treaty, a huge jump was triggered in sugar production. Exercising the right of foreigners to buy land established by the Hawaii legislature in 1850, plantations expanded by 20,000 acres in just five years, reaching 55,000 acres in 1880. New mills were constructed and equipment modernized according to the latest available technology. More significantly, increased labor requirements spurred the importation of foreign workers.

The waves of immigrants brought in by the plantations are the most significant example of sugar's great influence on Hawaii. The growing and harvesting of sugarcane was hard work, requiring many hands and strong backs willing to meet the demands of the seasons and the vast acreage of the plantations. Moreover, after 1876, sugar production boomed, from 20,000 tons in 1879 to 50,000 tons in 1882 and 100,000 tons in 1890. To meet these needs, the plantations recruited labor from Asia and Europe, and thereby forever changed the cultural complexion of the islands.

Between 1876 and 1885, Hawaii recruited contract laborers from China (25,555), Portugal (10,216), the South Seas islands (2,221), and Northern Europe, mainly Germany (1,176).

However, even this massive importation effort did not satisfy sugar's need for workers. After their contracts expired, most of the Chinese left the plantations to settle in towns, and the cost of transportation made it prohibitive to bring more Portuguese to Hawaii. Finally, after years of negotiations with their government, the first Japanese contract laborers arrived in Honolulu on February 9, 1885, the first of 218,418 who would eventually enter the sugar industry's workforce.

Korean immigrants also came in large groups between 1903 and 1906, but the flow was halted by the federal Immigration Act of 1907. This Act was sponsored by the State of California, which saw the massive migration of Asian workers as a social threat. To make up for the loss of the Asian labor pool, sugar plantations turned to Portugal, Spain, the Philippines, and Puerto Rico for their continuing labor needs. In all, over 350,000 immigrants came to Hawaii.

The plantation system into which these workers were placed also left its mark. In these camps, all of the workers' needs for housing, food, health care, education, and recreation were supplied by the company. Housed together at close quarters and deployed side by side in the fields, persons from various ethnic groups learned how to live together. Over time, they shared the differing languages and lifestyles of their home countries, which today is manifest in the diversity of cultures that gives Hawaii its special distinction.

The boom in sugar also brought the need for more financial services and supplies to keep up with the expansion. Charles Reed Bishop, whose Bishop and Company was the forerunner of First Hawaiian Bank, owed his start to the capital needs of sugar planters. Sugar factors sprang up, business firms which acted as agents for the plantations in obtaining financing, acquiring supplies and equipment, and in selling their product to distant markets across the ocean. From these firms sprang the business giants known as the Big Five: Castle & Cooke, Alexander & Baldwin, C. Brewer & Company, American Factors (now recognized as Amfac), and Theo H. Davies & Company.

By 1910, the Big Five produced 75 percent of the sugar crop; by 1933, they produced 96 percent. The Big Five also began to employ more of Hawaii's labor force. By 1932, sugar accounted for 50,000 workers, or over forty percent of Hawaii's employed persons. In servicing nearly all of the sugar plantations operating in Hawaii, the Big Five held actual control of the sugar industry. Furthermore, by way of family and company alliances, the reach of the Big Five extended throughout the young Hawaiian economy. Areas within the Big Five's sphere of influence included banking, insurance, utilities, wholesale and retail trade, island railroads, interisland and overseas shipping, and government. As early as 1905, a study commented: "Directly or indirectly, all individuals in the territory of Hawaii are ultimately dependent upon the sugar industry." No wonder the industry acquired the nickname of "King Sugar."

The pervasiveness of the Big Five set the stage for the development of unions in Hawaii. To the sugar companies' credit, the plantation workers enjoyed wages that were higher than that received by comparable workers anywhere else in the world. With the involvement of the plantation system in all areas of the workers' lives, however, came the assumption of perceived responsibility for all forms of worker dis-

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	January	468.1p	−0.7	−0.2
Employment	thous.	January	443.7p	0.0	0.3
Unemployment	thous.	January	24.4p	−11.9	−9.0
Unemployment Rate	percent	January	5.2p	−11.9	−8.8
OAHU:					
Civilian Labor Force	thous.	January	356.5p	−1.2	−0.6
Employment	thous.	January	339.6p	−0.4	−0.3
Unemployment	thous.	January	16.9p	−15.1	−6.6
Unemployment Rate	percent	January	4.7p	−14.5	−7.8
MAUI COUNTY:					
Civilian Labor Force	thous.	January	43.7p	2.3	2.1
Employment	thous.	January	41.1p	2.5	3.0
Unemployment	thous.	January	2.6p	4.0	−13.3
Unemployment Rate	percent	January	5.9p	−1.7	−14.5
HAWAII:					
Civilian Labor Force	thous.	January	46.4p	−0.2	1.3
Employment	thous.	January	42.8p	0.0	2.1
Unemployment	thous.	January	3.6p	−2.7	−7.7
Unemployment Rate	percent	January	7.8p	−3.7	−8.2
KAUAI:					
Civilian Labor Force	thous.	January	21.5p	0.9	−2.3
Employment	thous.	January	20.2p	1.5	0.5
Unemployment	thous.	January	1.3p	−13.3	−31.6
Unemployment Rate	percent	January	6.2p	−6.8	−27.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	January	452.6p	−1.2	2.5
SUGAR (Mill and Field)	thous.	January	7.8p	8.8	−3.7
PINEAPPLE (Cannery and Field)	thous.	January	2.7p	−22.9	−25.0
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	January	15.5p	−1.3	−3.7
Durable Goods	thous.	January	3.0p	−6.3	−16.7
Non-Durable Goods	thous.	January	12.5p	0.0	0.0
Apparel and Textiles	thous.	January	2.9p	0.0	0.0
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	January	6.7p	−15.2	−6.9
CONTRACT CONSTRUCTION	thous.	January	16.1p	9.5	−6.0
TRANSPORTATION	thous.	January	22.1p	−1.3	6.8
COMMUNICATION	thous.	January	7.5p	1.4	1.4
UTILITIES	thous.	January	2.4p	0.0	0.0
RETAIL TRADE	thous.	January	93.5p	−1.5	5.6
WHOLESALE TRADE	thous.	January	18.8p	0.0	3.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	January	32.1p	0.6	3.2
HOTEL SERVICES—STATE	thous.	January	29.1p	1.7	5.1
Oahu	thous.	January	16.1p	1.3	3.9
Maui County	thous.	January	6.7p	0.0	6.3
Hawaii	thous.	January	3.9p	0.0	8.3
Kauai	thous.	January	2.3p	4.5	0.0
OTHER SERVICES	thous.	January	80.7p	−0.4	4.7
FEDERAL GOVERNMENT	thous.	January	32.1p	−2.1	1.3
Civilian Agencies	thous.	January	11.6p	−4.1	4.5
Defense Department	thous.	January	20.5p	−1.0	0.0
STATE GOVERNMENT	thous.	January	48.9p	−3.9	3.1
COUNTY GOVERNMENT	thous.	January	12.7p	−1.8	1.6
NON-AGRICULTURE SELF-EMPLOYED	thous.	January	26.1p	0.0	−0.8
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	January	15,507	22.5	12.6
INTRASTATE INITIAL CLAIMS	number	January	7,242	....	−4.4
INTERSTATE INITIAL CLAIMS	number	January	412	....	−1.4
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	January	8,270	....	21.8

p=preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	January	60,213	−0.1	−4.4
Payments	thous. $	January	8,286	.....	−5.5
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	January	45,177	−0.6	−3.9
Payments	thous. $	January	14,056	.....	15.6
FOOD STAMPS:					
Recipients[1]	no./persons	December	101,746	0.7	2.9
Payments	thous. $	Jan.-Dec.	83,204	.....	3.5
SERVICES:					
Recipients[1]	no./cases	4th Qtr.	6,864	−0.6	0.5
Payments	thous. $	Yr. to 4th Qtr.	13,802	.....	−4.0

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	January	6,445	−0.9	9.6
Debits To Demand Deposits	mil. $	January	7,847	.....	6.1
OAHU:					
Total Deposits	mil. $	January	5,317	−1.0	9.2
Debits To Demand Deposits	mil. $	January	7,118	.....	5.0
MAUI COUNTY:					
Total Deposits	mil. $	January	422.5	−0.8	16.9
Debits To Demand Deposits	mil. $	January	330.8	.....	28.0
HAWAII:					
Total Deposits	mil. $	January	476.6	0.0	8.5
Debits To Demand Deposits	mil. $	January	288.3	.....	9.5
KAUAI:					
Total Deposits	mil. $	January	229.0	−0.2	7.7
Debits To Demand Deposits	mil. $	January	110.1	.....	1.0
BANK LOANS OUTSTANDING—STATE:	mil. $	4th Qtr.	4,202	5.8	11.6[1]
Real Estate	mil. $	4th Qtr.	1,685	2.5	2.0
Consumer	mil. $	4th Qtr.	944.3	3.8	10.7
Commercial & Industrial	mil. $	4th Qtr.	1,238	9.9	7.5
Other	mil. $	4th Qtr.	334.8	15.4	209.7[1]
CONVENTIONAL HOME MORTAGE RATES: HONOLULU	percent	January	13.1	2.0	5.6
SAVINGS & LOAN ASSOCIATIONS:[2]					
TOTAL DEPOSITS	mil. $	January	3,880.8	2.0	4.3
LOANS	mil. $	January	57.4	−17.6	76.1
Residential	mil. $	January	40.3	−5.8	210.0
Other	mil. $	January	17.0	−28.1	−13.3
TAX COLLECTIONS:[3]					
STATE	thous. $	January	136,248	.....	12.6
Oahu	thous. $	January	117,635	.....	10.4
Maui County	thous. $	January	8,183	.....	47.3
Hawaii	thous. $	January	7,413	.....	19.1
Kauai	thous. $	January	3,017	.....	9.7

[1]Reporting category changed in 1984.
[2]Includes data for both Hawaii and Guam.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

satisfaction. The natural leaders among the workers helped to channel these sentiments into the formation of labor unions.

Because the first unions were organized solely along racial lines, early strikes were ineffectual. It was only after the intervention by the International Longshoremen's and Warehousemen's Union (ILWU) that sugar workers began to exert some clout. The ILWU, steeled by hard-won successes on the waterfronts of Hawaii and the West Coast, was able to unify the racial divisions among sugar workers and forge an industry-wide labor alliance.

Following the lifting of martial law after World War II and the passage of the Hawaii Employment Relations Act of 1945, the ILWU won workers' approval in both the sugar and pineapple plantations. The union proved its effectiveness by winning a 1946 sugar industry strike that, by converting paternalistic plantation benefits into their cash equivalent, gave workers greater independence. Through the ILWU, plantation workers were able to mount a credible challenge to the power of the Big Five.

The political impact of unionization was just as significant. Up to then, the Republican Party's influence in Hawaii, supported by the the Big Five, was uncontested. In 1946, however, the ILWU established a Political Action Committee, and began to make its presence felt in local elections through the Democratic Party. Filling its ranks with newly enfranchised citizens drawn from the various immigrant groups in the plantations, the Democratic Party began to rapidly grow in number and in power. This new trend reached a watershed in 1954 when the Democrats won a majority in the Territorial Legislature. Since 1962, all of Hawaii's governors have been Democrats.

Thus, the political and social evolution of Hawaii has been inexorably intertwined with the development of the sugar industry. As in the history of any people or place, Hawaii has had its share of turmoil and difficulty, but it has also enjoyed fortune and progress. Sugar has been very much a part and parcel of that historical process. The industry may be credited as the means through which the less privileged of other countries sought the promise of a better life, and the impetus to which so many owe their existence today in this beautiful state. As we mark the 150th anniversary of the sugar industry, we can commemorate the successes and setbacks of sugar as our own, for in a true sense, the history of our sugar industry is the history of our islands.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank

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The new container barge Haleakala being outfitted for interisland service—Advertiser photo

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Research Department, First Hawaiian Bank | May/June 1985

West Hawaii's Emerging Future

West Hawaii from North Kohala to Keahou-Kona is on the verge of an investment boom that will have a fundamental impact on the county's and the state's economic future. Over a billion dollars of construction are slated for major resort properties in South Kohala alone. The permanent population of Kona and Kohala, particularly the older groups, is projected to almost double by the year 2000, dwarfing an island-wide 31-percent increase forecast by the Department of Planning and Economic Development.

The anticipated growth will result to a major extent from the planned construction of new resorts in South Kohala, the largest being the 1,260-room Hyatt Regency at Waikoloa. This $300 million world-class resort will feature a monorail, gondola-graced waterways to connect its three main buildings, a walk-through Pacific-Basin Museum, a large sports complex, and the biggest convention center on the Neighbor Islands. The project will create an estimated 1,500 construction jobs, and establish a permanent work force of about 2,000 hotel and retail employees.

North of the proposed Hyatt Hotel, adjacent to Hapuna Beach Park, Mauna Kea Properties is planning a $300 million complex composed of a 350-room hotel, 600 multi-family units, 100 single-family units, and related recreational facilities. In North Kohala, Mahukona Properties is proposing a 74-acre residential subdivision near Kapaau and a 1,700-acre agricultural community near Hawi.

In the meantime, plans have been announced for the town of Waimea which includes a revised town center of 480 acres, a light-industrial and high-technology park of 130 acres, and a residential-agricultural subdivision of 190 acres. The industrial park would serve as the base operations for the Mauna Kea astronomical observatories, and the residential subdivision would provide about 800 living units, ranging from low-rent apartments to five-acre gentleman farms.

Also, contributing to West Hawaii economic growth are the area's macadamia nut orchards, the rebirth of coffee, and aquaculture development programs. The coffee industry has enjoyed a strong resurgence since its development as a gourmet food product. Prices, demand, and crop yields have shown strong improvement. In the meantime, a new Hawaii Ocean Science Technology Park will be developed next to the Hawaii Natural Energy Laboratory at Keahole, and within five years, could generate as much as 4,400 direct and indirect jobs with annual payrolls of $62 million.

The acceleration of economic activity in West Hawaii will bring increasing pressure on the area's infrastructure and existing facilities. For example, one major constraint concerns transportation. Despite the inauguration of direct mainland flights at Keahole Airport, there are no obvious plans to expand or improve that facility, which was designed for interisland use. However, with the expected increase in visitors to West Hawaii, the time may be appropriate for a re-examination of the urgent need to expand the runway capacity at Keahole. With increased demand, development costs could easily be amortized over a short period. Many facilities are already in place. Strong efforts should be directed toward stimulating the participation of the airlines in supporting the expansion costs.

With the increase in construction activity, Kawaihae Harbor will also begin to exercise increasing importance as a strategic transshipment point for building materials, heavy cargo, and refrigerated shipments into and out of the area. Attention will need to be focussed on insuring adequate berthing facilities and handling capacity for ocean transport vessels.

Water is another critical need. According to the Kona Regional Plan, abundant groundwater resources already exist. However, new water developments will be needed for future expansion. In South Kohala, developers will be expected to provide their own water supplies from available underground sources since there is no public water system in the area.

Hawaii County is facing nothing less than a complete transformation of its economy and society as the face of West Hawaii's future development slowly becomes revealed. All of these changes place heavy responsibility on the Hawaii County government to integrate the powerful forces of growth into the existing economic, social, and environmental fabric of West Hawaii. The further need for proper planning becomes even more critical. Although comprehensive plans have been prepared for North Kohala and Kona, conspicuously missing so far is a plan covering the rapidly growing South Kohala District. At issue is whether the public and private sectors can work together to achieve the goals of the entire community, and whether the county government will have the resources necessary to support this growth despite the efforts of anti-property-tax groups to limit the county's revenue base.

Clearly, West Hawaii has now become the focus of large-scale resort development in our state. The Carpenter Administration has come down solidly behind the development of the region. Let us hope that the lessons learned from past growth will be judiciously applied to maintain the uniquely Hawaiian character of the region, the high quality of life, and the friendly people of West Hawaii who have made it such a magnet for so many.

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MAY/JUNE FEATURE STORY: HAWAII'S RETIREMENT INDUSTRY

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CURRENT BUSINESS TRENDS

The first quarter of 1985 saw Hawaii's economy showing continuing momentum from the exceptional performance recorded in 1984. However, while tourism continued to show over-the-year gains, growth was below the double-digit advances of last year. Business receipts showed seasonal weakening in certain areas, except in the diversified agriculture and service sectors which maintained over-the-year gains. Overall, it appears likely that the Hawaiian economy will begin to mirror the national trend of easing into a period of moderate growth following the major upswing enjoyed last year.

Gross business receipts showed a month-to-month jump of 5 percent to $2 billion in March. However, because of last year's exceptional January sales, this year's cumulative totals are ahead of 1984's performance by only 4 percent. Tourism-related sectors continued to exhibit solid strength by surpassing last year's accelerated pace. For example, total receipts for the service industry through March were $1.5 billion, 11 percent ahead of last year's already robust first quarter.

Usually a slow month, tourist arrivals in April dropped 9 percent overall from the previous month, placing total overnight-and-longer visitor counts at 408,800. Westbound visitors fell to 315,180, down 13 percent from March, but eastbound visitors were up 7 percent at 93,620. Despite some setbacks, total visitor counts for the year were still 6 percent ahead of last year due to this January's exceptionally high westbound arrivals.

County visitor arrivals reflected seasonal retreats in April, with Maui's and Kauai's cumulative counts showing remarkable year-to-year resiliency in light of their enormous recovery during the first half of 1984. So far this year through April, Oahu's westbound overnight and longer visitors tallied 983,180, ahead 3 percent from the same

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	1st Qtr.	3,817	1.5	7.4
In 1972 Dollars	bil. $	1st Qtr.	1,665	0.2	3.4
PERSONAL INCOME**	bil. $	March	3,156p	0.5	7.3
INTEREST RATES					
AVERAGE PRIME RATE	percent	April	10.50	0.0	−12.0
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	March	324.2p	0.1	4.7
CONSTRUCTION COST INDEXES					
Residences	1967 = 100	January	364.4	0.3*	3.5
Apts. Hotels, Office Bldgs.	1967 = 100	January	364.1	0.1*	2.2
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	March	107,119	0.4	2.9
UNEMPLOYMENT*	thous.	March	8,396	0.0	−4.4
UNEMPLOYMENT RATE*	percent	March	7.3	0.0	−6.4
PRICES					
CONSUMER PRICE INDEXES					
Wage Earners and Clerical Workers	1967 = 100	April	316.7	0.4	4.1
All Urban Consumers	1967 = 100	April	320.1	0.4	3.7
PRODUCER PRICE INDEXES					
Finished Goods*	1967 = 100	March	292.7p	0.2	0.4
All Commodities	1967 = 100	February	309.2p	−0.2	0.1

p = preliminary. *Seasonally adjusted
*Compared to November, 1984. **Seasonally adjusted at annual rates

business activity in hawaii

	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
TOURISM					
VISITOR EXPENDITURES	mil. $	1984	4,582p	.....	15.3
OVERNIGHT OR LONGER VISITORS	number	April	408,800p	−9.2	6.6
	number	Jan.-Apr.	1,702,670p	.....	6.3
Westbound	number	April	315,180p	−13.1	6.5
	number	Jan.-Apr.	1,331,890p	.....	6.5
Eastbound	number	April	93,620p	7.1	7.0
	number	Jan.-Apr.	370,780p	.....	5.4
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Apr.	116,150p	.....	4.7
AVERAGE LENGTH OF STAY	no. of days	Jan.-Apr.	10.5p	.....	−1.9
MEETING ATTENDANCE	number	March	75,040	.....	31.5
ORGANIZED GROUP TOURS	number	Jan.-Apr.	330,230p	.....	6.6
VISITOR COUNT BY COUNTY					
Oahu	number	April	234,250p	−11.2	4.2
	number	Jan.-Apr.	983,160p	.....	3.4
Maui County	number	April	163,960p	−11.1	9.5
	number	Jan.-Apr.	684,700p	.....	7.8
Hawaii	number	April	57,410p	−17.1	10.6
	number	Jan.-Apr.	262,940p	.....	−1.2
Kauai	number	April	69,130p	−14.4	23.9
	number	Jan.-Apr.	293,160p	.....	12.1
VISITOR ACCOMMODATIONS					
STATE	number	February	65,919	2.1*	5.6
Oahu	number	February	38,600	0.6*	4.8
Waikiki	number	February	33,879	0.7*	5.1
Maui (Island)	number	February	13,515	4.3*	8.1
Molokai	number	February	627	−0.9*	0.0
Lanai	number	February	10	100.0*	−16.7
Hawaii	number	February	7,511	8.2*	5.1
Kauai	number	February	5,656	−0.7*	6.5
HOTEL OCCUPANCY					
STATE	percent	March	87.1p	−6.1	−0.7
		Jan.-Mar.	87.7p	.....	4.4
Oahu	percent	March	89.5p	−6.1	−4.2
		Jan.-Mar.	92.2p	.....	1.5
Maui (Island)	percent	March	91.3p	−4.4	0.6
		Jan.-Mar.	89.8p	.....	3.8
Hawaii	percent	March	71.7p	−13.9	7.5
		Jan.-Mar.	72.9p	.....	15.0
Kauai	percent	March	84.4p	−1.2	8.1
		Jan.-Mar.	77.8p	.....	15.9

p = preliminary. *Estimated Westbound. *Compared to October, 1984.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	1st Qtr., 1985	485.1	....	0.4
Military Payroll	mil. $	1st Qtr., 1985	217.2	....	6.1
Civilian Payroll	mil. $	1st Qtr., 1985	141.2	....	2.8
Local Purchases	mil. $	1st Qtr., 1985	126.7	....	−10.1
SUGAR					
VALUE OF CROP SALES					
(Unprocessed Cane)	thous. $	1983	266,500	....	15.5
SUGAR PRODUCTION	thous. tons	Jan.-Mar.	94.3	....	−34.8
N. Y. RAW SUGAR PRICE	$/ton	Jan.-Mar.	413.60	....	−5.2
PINEAPPLE					
VALUE OF CROP SALES					
(Fresh Equivalent)	thous. $	1983	100,376	....	6.4
SHIPMENTS: CANNED*	thous. $	Jan.-Mar.	35,462	....	−33.8
FRESH	thous. lbs.	Jan.-Mar.	63,137	....	−1.9
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1983	112,618	....	8.3
FLOWERS & NURSERY PRODUCTS	thous. $	1984	42,905	....	18.6
Anthurium Outplantings*	th. dozens	Jan.-Mar.	315.0	....	−19.9
Potted Tropical Plants	thous. $	1983	10,836	....	22.9
FRUITS & NUTS	thous. $	1983	38,521	....	−8.2
Papaya Sales	th. lbs.	Jan.-Mar.	12,780	....	−19.9
Average Farm Price	cents/lb.	March	20.0	5.3	34.2
Macadamia Nut Sales in Shell	th. lbs.	1984	36,500	....	0.2
Average Farm Price	cents/lb.	1984	67.0	....	2.0
VEGETABLES AND MELONS*	th. lbs.	Jan.-Mar.	13,973	....	−20.7
LIVESTOCK	thous. $	1983	86,413	....	10.2
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Mar.	7,726	....	−2.8
Average Farm Price (Feeder Beef)	cents/lb.	March	88.0	0.0	−11.1
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Mar.	1,476	....	1.7
Average Farm Price	cents/lb.	March	104.5	0.0	1.5
MILK PRODUCTION	mil. lbs.	Jan.-Mar.	35.7	....	−6.8
Average Price Paid to Farms	$/100 lbs.	March	20.30	−2.0	0.1
EGG PRODUCTION	mil.	Jan.-Mar.	53.2	....	2.7
Average Farm Price	cents/doz.	March	86.0	−1.1	−6.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE	mil. $	Jan.-Mar.	268.6	....	−19.1
PRIVATE PERMITS AUTHORIZED					
STATE					
RESIDENTIAL	thous. $	Jan.-Feb.	79,382	....	28.7
Single Family Units	number	Jan.-Feb.	499	....	−34.5
Multiple Family Units	number	Jan.-Feb.	389	....	1,668.2
NONRESIDENTIAL	thous. $	Jan.-Feb.	36,951	....	−16.0
OAHU					
RESIDENTIAL	thous. $	Jan.-Mar.	85,638	....	62.8
Single Family Units	number	Jan.-Mar.	301	....	−51.8
Multiple Family Units	number	Jan.-Mar.	1,004	....	5,477.8
NONRESIDENTIAL	thous. $	Jan.-Mar.	33,530	....	−9.8
MAUI CO.					
RESIDENTIAL	thous. $	Jan.-Feb.	7,028	....	−14.0
Single Family Units	number	Jan.-Feb.	80	....	−30.4
Multiple Family Units	number	Jan.-Feb.	11	....	100.0
NONRESIDENTIAL	thous. $	Jan.-Feb.	2,849	....	−38.0
HAWAII					
RESIDENTIAL	thous. $	Jan.-Mar.	34,564	....	162.5
Single Family Units	number	Jan.-Mar.	233	....	7.9
Multiple Family Units	number	Jan.-Mar.	190	....	983.3
NONRESIDENTIAL	thous. $	Jan.-Mar.	11,464	....	9.8
KAUAI					
RESIDENTIAL	thous. $	Jan.-Mar.	11,567	....	−11.2
Single Family Units	number	Jan.-Mar.	85	....	21.4
Multiple Family Units	number	Jan.-Mar.	44	....	25.7
NONRESIDENTIAL	thous. $	Jan.-Mar.	3,049	....	6.8

*Gross taxable income valued at time of shipment.
*From Hawaii County.
*Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.

period last year; Maui received 684,700 visitors, up 8 percent; the Big Island hosted 262,940 visitors, down 1 percent; and Kauai totalled 293,160 visitors, up 12 percent.

In agriculture, both sugar and pineapple have been experiencing difficulty. Sugar production through March of this year dropped 35 percent to 94 thousand tons from 145 thousand tons in 1984, with prices also trailing 1984 levels by 5 percent. Industry jobs were also depressed, remaining 5 percent below 1984 payrolls.

Due in part to extraordinary January sales last year and a labor strike at the Dole Co. Iwilei canning plant that began this February, canned pineapple sales have lagged far behind 1984 levels. In March, cumulative receipts were at $36 million, 34 percent behind 1984. Shipments of fresh pineapple, however, have now caught up to 1984's healthy pace. Furthermore, because of large labor cutbacks made last year, pineapple industry job counts in March were able to show an annual increase of 11 percent despite uneven sales.

Anthurium and papaya production captured the spotlight in diversified agriculture in March. Continuing a trend started in January, cumulative Big Island anthurium sales continued to trail 20 percent behind 1984. Plagued by the strong dollar and other factors, foreign sales have been cut by half, and production has been hurt by last year's drought, volcanic eruptions, and plant disease. Papaya sales have recovered from reduced levels in December and January, but remain 20 percent behind last year. The prices that papaya growers received for their product improved by 34 percent compared to conditions during last year's glut. Production has been hampered, however, by windy and cold weather. Despite these setbacks, during the first quarter of 1985, diversified agriculture enjoyed overall sales that were 18 percent above last year.

In March, new construction expenditures inched 1 percent above February to a total of $92 million, which left this year's total still 19 percent behind last year's pace. However, signs of the industry's recovery from 1984's labor disputes were positive in construction job counts, which rose 9 percent above 1984 despite this year's mid-March ironworkers strike. Future construction, as indicated in building permit activity, promises new strength, particularly on Oahu and the Big Island.

The state's real estate market has been showing mixed results. In the new housing market, single-family sales through March were 6 percent less than

last year's figures, primarily because of a flurry of home sales in February of last year. Because of a similar spurt of condominium sales in February of 1984, the 476 new condominium units sold in the first quarter of 1985 lagged 16 percent behind 1984.

In the resale market, single-family and condominium sales were clearly ahead of last year's pace by 20 percent and 29 percent, respectively. Through March, 516 single family and 666 condominium resales were recorded in the state. Prices failed to follow sales advances, however. Average single-family resale prices for the first quarter were $166,276 or 2.6 percent less than 1984, while average condominium prices remained virtually unchanged from last year at $108,846. These trends were most pronounced on Oahu, where single-family resales of 398 through March were 35 percent ahead of 1984, while prices were 7 percent below at $181,219. Similarly, Oahu condominium resales of 552 were 35 percent ahead of 1984, while prices were virtually unchanged at $103,422.

Employment in Hawaii continued to show positive growth. One-percent monthly gains were recorded during March in Hawaii's civilian labor force, up to 477,600, and in the number of employed persons, to 456,250 persons. The numbers of unemployed recorded another year-to-year decline of 20 percent, a consistent trend since the Hawaiian economy's recovery in mid-1983. The unemployment rate continued at a low 4.5 percent in March, making Hawaii the state with the lowest unemployment rate in the nation.

After a weak second half in 1984, the total job count in Hawaii moved slightly higher in March to 460,650, 1.5 percent above March of last year. Over-the-year growth was shared by such industries as pineapple (up 11 percent), construction (up 9 percent), retailing (up 3 percent), and hotel services (up 3 percent). Over-the-year shrinkages occurred primarily in sugar (down 5.6 percent), diversified manufacturing (down 4.6 percent), and diversified agriculture (down 9 percent).

HAWAII'S RETIREMENT INDUSTRY

Twenty years ago in Hawaii, a *Honolulu Advertiser* article stirred public interest in the possibility that Hawaii might someday develop a retirement industry to broaden its economic base. The notion that Hawaii could be attractive enough to stimulate the inmigration of substantial numbers of retirees was based on a number of obvious

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-Apr.	85,929	.....	−20.0
Oahu	thous. $	Jan.-Apr.	57,348	.....	−17.4
Maui County	thous. $	Jan.-Apr.	18,932	.....	280.8
Hawaii	thous. $	Jan.-Apr.	3,601	.....	−42.6
Kauai	thous. $	Jan.-Apr.	6,049	.....	−77.4
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Apr.	21,072	.....	−30.8
State	thous. $	Jan.-Apr.	26,836	.....	−51.9
County	thous. $	Jan.-Apr.	41,232	.....	94.8
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	April	353.4	0.3	1.7
HIGH-RISE	1967 = 100	April	371.3	0.5	1.3
REAL ESTATE					
NEW SALES					
OAHU: Single Family	number	Jan.-Mar.	464	.....	−5.9
Condominium	number	Jan.-Mar.	476	.....	−15.6
RESALES					
STATE: Single Family	number	Jan.-Mar.	516	.....	20.0
Average Price	dollars	Jan.-Mar.	166,276	.....	−2.6
Condominium	number	Jan.-Mar.	666	.....	28.6
Average Price	dollars	Jan.-Mar.	108,846	.....	−0.3
OAHU: Single Family	number	Jan.-Mar.	398	.....	34.5
Average Price	dollars	Jan.-Mar.	181,219	.....	−7.2
Condominium	number	Jan.-Mar.	552	.....	35.3
Average Price	dollars	Jan.-Mar.	103,422	.....	0.8
MAUI CO.: Single Family	number	Jan.-Mar.	44	.....	−6.4
Average Price	dollars	Jan.-Mar.	151,720	.....	−8.6
Condominium	number	Jan.-Mar.	83	.....	1.2
Average Price	dollars	Jan.-Mar.	145,711	.....	2.5
HAWAII: Single Family	number	Jan.-Mar.	59	.....	−11.9
Average Price	dollars	Jan.-Mar.	84,064	.....	5.4
Condominium	number	Jan.-Mar.	15	.....	−25.0
Average Price	dollars	Jan.-Mar.	82,528	.....	−22.3
KAUAI: Single Family	number	Jan.-Mar.	15	.....	−25.0
Average Price	dollars	Jan.-Mar.	135,860	.....	9.0
Condominium	number	Jan.-Mar.	16	.....	100.0
Average Price	dollars	Jan.-Mar.	129,406	.....	15.6
BUSINESS SALES					
GROSS BUSINESS RECEIPTS	mil. $	Jan.-Mar.	6,036.5	.....	3.7
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Mar.	111.8	.....	−11.4
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Mar.	70.8	.....	17.8
RETAILING	mil. $	Jan.-Mar.	2,188.4	.....	5.2
WHOLESALING	mil. $	Jan.-Mar.	1,529.6	.....	3.4
SERVICES	mil. $	Jan.-Mar.	1,471.5	.....	11.2
OAHU NEW CAR SALES	number	Jan.-Mar.	9,976p	.....	−1.6
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Mar.	1,676	.....	−3.2
GAS SALES	th. therms.	Jan.-Mar.	12,608	.....	1.7
TELEPHONE LINES IN SERVICE	thous.	March	460.4	0.1	2.0
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	April	300.1	.0*	3.8
All Urban Consumers	1967 = 100	April	292.7	.0*	3.4

p = preliminary *Less than 0.1 percent.

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population and income in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1984	1,141.2p	.....	2.4
Total Resident Population	thous.	July 1, 1984	1,038.7p	.....	2.0
OAHU:					
Total De Facto Population	thous.	July 1, 1984	859.3p	.....	1.5
Total Resident Population	thous.	July 1, 1984	805.3p	.....	1.6
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1984	114.8p	.....	10.6
Total Resident Population	thous.	July 1, 1984	83.1p	.....	4.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1984	112.6p	.....	1.8
Total Resident Population	thous.	July 1, 1984	106.4p	.....	3.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1984	54.4p	.....	7.3
Total Resident Population	thous.	July 1, 1984	44.0p	.....	2.1
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1984	981.4p	.....	1.9
MILITARY PERSONNEL:					
STATE	number	July 1, 1984	60,804	.....	3.0
Ashore	number	July 1, 1984	56,321	.....	4.8
Afloat	number	July 1, 1984	4,483	.....	−14.9
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1984	67,083	.....	1.3
FOREIGN IMMIGRATION*	number	Jan.-Apr.	1,731	.....	−0.3
INCOME					
TOTAL PERSONAL INCOME**	mil. $	4th Qtr., 1984	13,549p	1.2	6.3
EMPLOYMENT INCOME†	mil. $	4th Qtr., 1984	9,698p	0.9	4.0
Manufacturing	mil. $	4th Qtr., 1984	437p	0.9	−4.2
Construction & Mining	mil. $	4th Qtr., 1984	430p	−10.2	−21.2
Wholesale	mil. $	4th Qtr., 1984	411p	0.5	5.9
Retail	mil. $	4th Qtr., 1984	1,102p	2.0	4.5
Finance, Ins., & Real Estate	mil. $	4th Qtr., 1984	666p	1.4	2.9
Trans., Comm., & Util.	mil. $	4th Qtr., 1984	865p	1.1	5.6
Services	mil. $	4th Qtr., 1984	2,182p	1.5	7.8
Farm & Other	mil. $	4th Qtr., 1984	307p	0.3	8.5
Federal Civilian	mil. $	4th Qtr., 1984	876p	0.6	3.9
Federal Military	mil. $	4th Qtr., 1984	1,276p	0.6	8.0
State & Local	mil. $	4th Qtr., 1984	1,146p	3.6	5.7
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	4th Qtr., 1984	2,694p	2.3	16.0
TRANSFER PAYMENTS (1,788) minus Personal Contributions for Social Insurance (630)	mil. $	4th Qtr., 1984	1,158	1.9	5.9
PER CAPITA PERSONAL INCOME					
STATE	dollars	1983	12,114p	.....	4.5
Oahu	dollars	1982	12,130p	.....	5.3
Maui County	dollars	1982	10,458p	.....	7.1
Hawaii	dollars	1982	9,148p	.....	2.2
Kauai	dollars	1982	9,869p	.....	5.8

***Total personal income and all components are seasonally adjusted at annual rates.*
†Includes only those entering Honolulu ports and do not include status changes.
‡Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

HAWAIIAN BANK
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qualities that our island state has to offer: a friendly and ethnically diverse population, balmy climate, beautiful surroundings, and abundant opportunities for recreation. In comparison to other comparably-sized cities and states, the crime rate is low, the number of physicians is high, and the ease in escaping from the city to the country is rather unique. These qualities were affirmed in a study last year which named Hawaii as one of the five best regions of the country to live in.

However, the obstacles to retirees locating in Hawaii also continue to be significant. Foremost among these is the high cost of living. Honolulu ranked second of 100 cities in the U.S. in 1984 in the size of household budget required for an intermediate-income family of four. Housing in Hawaii is both scarce and expensive. Honolulu ranked third among 329 metropolitan areas in the country in the average value of a single-family house at $163,400 in 1984. Also, in spite of various deductions and credits for the elderly, Hawaii's tax rates are high. In 1983, Hawaii ranked at the top of all states in terms of direct per-capita tax burdens.

Yet, there are certain trends now at work which make the future for retirement in Hawaii more optimistic.

The most important is the growing proportion of elderly in the population. In 1983, 9 percent of the population, some 89,000 persons, were 65 years of age or older, compared to the U.S. average of 11 percent. However, between 1970 and 1983, the proportion of elderly in Hawaii had jumped by 53 percent, compared to a gain of 19 percent nationally. According to projections by the State Department of Planning and Economic Development (DPED) and the U.S. Bureau of Census, by the year 2000, Hawaii's share of elderly will jump another 48 percent, up to 160,000 persons, while the U.S. proportion will expand by only 12 percent.

Interestingly, it appears that an increasing proportion of this growth in Hawaii's elderly population will come from the aging of local residents. If the number of elderly in the state rises by the amount forecast by the DPED, and there is no substantial increase in the trend rate of in-migration, then the expected gains in this age group will have to come from the aging of the population already here. It would thus seem that a Hawaii retirement industry, if one were to develop, would have to draw as much from the local population as from newly arriving residents.

However, growth rates for the elderly will vary by location. For instance, the

elderly are forecast to be the fastest growing age group in the booming West Hawaii area, a large number of whom would likely be higher income retirees from the mainland.

One major factor in the growing in-migration of retirees will be the increasing availability of transportation, telecommunications, and medical care facilities.

With the inception of direct neighbor island flights and increasing competition between airlines due to airline deregulation, spatial mobility can be expected to increase over the years. The development of cheaper long-distance telephone services between Hawaii and the mainland will also reduce the geographic separation from family and friends faced by out-of-state retirees in Hawaii. Improved medical facilities is another important factor. On this score, Hawaii already stands at the top of the nation in average life expectancy, and seventh in the country in terms of the ratio of physicians to population. Already in West Hawaii, major new developments in so-called "life-care" facilities, which combine elderly housing and health-care facilities, are being planned in Kona and Waikoloa. These innovative developments promise to be the forerunners of major developments of this type throughout the islands.

Another important characteristic of a successful retirement center is the ability to provide an environment of quiet and seclusion, yet with potential access to recreational, spectator, and cultural activities. Here again, West Hawaii shows promise in its planned development of world-class sports and athletic-training facilities, in addition to its already established Ironman Triathlon Championships, billfish tournaments, and golf facilities.

One major reason for optimism regarding the prospects for the retirement industry in Hawaii is the rise in incomes of the elderly population nationwide. A recent report by the President's Council of Economic Advisors found that the income of the elderly in the U.S. has risen faster over the past two decades than the income of the non-elderly population. As incomes rise among the nation's elderly, the high costs of living in Hawaii will become less of an obstacle to migration. The result will most likely be an increased flow of out-of-state retirees to Hawaii.

Elderly income in Hawaii has also shown improvement. In 1969, the real median annual income of elderly households in Hawaii was $8,526. This increased to $11,285 in 1979.

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	March	477.6p	1.0	0.9
Employment	thous.	March	456.2p	1.0	2.1
Unemployment	thous.	March	21.4p	0.9	−19.9
Unemployment Rate	percent	March	4.5p	0.0	−19.6
OAHU:					
Civilian Labor Force	thous.	March	364.6p	0.9	0.8
Employment	thous.	March	349.8p	0.9	1.9
Unemployment	thous.	March	14.8p	1.4	−19.1
Unemployment Rate	percent	March	4.1p	2.5	−19.6
MAUI COUNTY:					
Civilian Labor Force	thous.	March	44.0p	0.5	0.5
Employment	thous.	March	41.9p	0.7	2.7
Unemployment	thous.	March	2.2p	0.0	−26.7
Unemployment Rate	percent	March	4.8p	−2.0	−30.4
HAWAII:					
Civilian Labor Force	thous.	March	47.0p	1.3	1.3
Employment	thous.	March	43.8p	1.9	2.8
Unemployment	thous.	March	3.2p	−5.9	−15.8
Unemployment Rate	percent	March	6.9p	−5.5	−16.9
KAUAI:					
Civilian Labor Force	thous.	March	22.0p	2.3	1.4
Employment	thous.	March	20.8p	2.0	3.0
Unemployment	thous.	March	1.2p	9.1	−14.3
Unemployment Rate	percent	March	5.3p	3.9	−20.9
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	March	460.6p	0.5	1.5
SUGAR (Mill and Field)	thous.	March	7.6p	0.0	−5.0
PINEAPPLE (Cannery and Field)	thous.	March	3.4p	0.0	9.7
DIVERSIFIED MANUFACTURING					
(Excluding Sugar and Pineapple)	thous.	March	15.6p	1.3	−4.9
Durable Goods	thous.	March	3.1p	3.3	−3.1
Non-Durable Goods	thous.	March	12.6p	1.6	−3.8
Apparel and Textiles	thous.	March	3.0p	0.0	0.0
DIVERSIFIED AGRICULTURE					
(Excluding Sugar and Pineapple, but including Agricultural Self-Employed)	thous.	March	7.0p	2.9	−10.3
CONTRACT CONSTRUCTION	thous.	March	18.4p	2.8	8.9
TRANSPORTATION	thous.	March	22.4p	−0.4	2.8
COMMUNICATION	thous.	March	7.4p	0.0	−1.3
UTILITIES	thous.	March	2.4p	0.0	0.0
RETAIL TRADE	thous.	March	93.4p	0.4	3.3
WHOLESALE TRADE	thous.	March	18.8p	0.0	0.0
FINANCE, INSURANCE AND REAL ESTATE	thous.	March	32.1p	0.3	−0.3
HOTEL SERVICES—STATE	thous.	March	29.4p	0.7	3.5
Oahu	thous.	March	16.2p	0.0	2.5
Maui County	thous.	March	6.7p	−1.5	3.1
Hawaii	thous.	March	4.0p	0.0	5.3
Kauai	thous.	March	2.4p	4.3	9.1
OTHER SERVICES	thous.	March	81.2p	−0.5	1.0
FEDERAL GOVERNMENT	thous.	March	32.4p	0.6	2.5
Civilian Agencies	thous.	March	11.6p	0.0	4.5
Defense Department	thous.	March	20.7p	0.5	1.0
STATE GOVERNMENT	thous.	March	49.7p	1.4	1.2
COUNTY GOVERNMENT	thous.	March	12.6p	0.0	0.0
NON-AGRICULTURE SELF-EMPLOYED	thous.	March	26.2p	0.8	−1.5
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	March	10,625	−10.4	−6.2
INTRASTATE INITIAL CLAIMS	number	Jan.-Mar.	18,810	.....	1.1
INTERSTATE INITIAL CLAIMS	number	Jan.-Mar.	1,018	.....	−2.7
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-Mar.	19,501	.....	3.6

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE					
Recipients[1]	no./persons	March	59,045	−1.6	−6.0
Payments	thous. $	Jan.-Mar.	24,884	.....	−5.1
MEDICAL ASSISTANCE					
Recipients	no./patients	March	55,183	13.0	1.2
Payments	thous. $	Jan.-Mar.	45,461	.....	12.7
FOOD STAMPS					
Recipients	no./persons	March	99,234	−1.4	−0.9
Payments	thous. $	Jan.-Mar.	23,524	.....	16.9
SERVICES					
Recipients	no./cases	1st Qtr.	4,678	−31.8	−32.5
Payments	thous. $	1st Qtr.	3,566	.....	−5.8

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS					
STATE					
Total Deposits	mil. $	March	6,689	1.0	9.3
Debits To Demand Deposits	mil. $	Jan.-Mar.	22,673	.....	2.7
OAHU					
Total Deposits	mil. $	March	5,494	1.0	9.0
Debits To Demand Deposits	mil. $	Jan.-Mar.	20,568	.....	1.8
MAUI COUNTY					
Total Deposits	mil. $	March	453.7	1.7	13.9
Debits To Demand Deposits	mil. $	Jan.-Mar.	917.4	.....	13.5
HAWAII					
Total Deposits	mil. $	March	498.4	−0.1	8.7
Debits To Demand Deposits	mil. $	Jan.-Mar.	854.8	.....	10.2
KAUAI					
Total Deposits	mil. $	March	242.4	1.0	8.5
Debits To Demand Deposits	mil. $	Jan.-Mar.	332.9	.....	13.2
BANK LOANS OUTSTANDING—STATE	mil. $	1st Qtr.	4,259.4	1.4	10.2
Real Estate	mil. $	1st Qtr.	1,691.7	0.4	2.9
Consumer	mil. $	1st Qtr.	987.0	4.5	16.1
Commercial & Industrial	mil. $	1st Qtr.	1,275.3	3.0	19.7
Other	mil. $	1st Qtr.	305.3	−8.8	−0.4
CONVENTIONAL HOME MORTGAGE RATES, HONOLULU	percent	April	12.8p	3.2	−0.8
SAVINGS & LOAN ASSOCIATIONS					
TOTAL DEPOSITS	mil. $	March	3,937.8	2.0	3.1
LOANS	mil. $	March	42.2	−17.6	8.8
Residential	mil. $	March	24.3	−5.8	33.5
Other	mil. $	March	17.9	−28.1	−13.1
TAX COLLECTIONS[2]					
STATE	thous. $	Jan.-Mar.	346,786	.....	6.3
Oahu	thous. $	Jan.-Mar.	299,758	.....	5.2
Maui County	thous. $	Jan.-Mar.	20,607	.....	15.3
Hawaii	thous. $	Jan.-Mar.	18,888	.....	10.9
Kauai	thous. $	Jan.-Mar.	7,531	.....	17.3

[1]Includes data for both Hawaii and Guam.
[2]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

However, it could also be argued that a retirement industry already exists in Hawaii based on the 3,582 housing units presently available exclusively for the elderly. Thirty-nine percent of these units are publicly-managed rental units and 42 percent private. The remainder are composed of four private, independent retirement residences. Three are on Oahu: Arcadia Retirement Residence, Laniolu Good Samaritan Center, and Pohai Nani Good Samaritan Kauhale. The fourth, Sun Village on Kauai, is the only independently financed facility on the Neighbor Islands.

Twenty years ago, proponents of a Hawaii retirement industry based their case on an expanding elderly population that appeared to be also gaining in income. So far, these trends have resulted in only modest advances in attracting retirees from out-of-state. Potential new entrants into the retirement business should therefore proceed with caution. In time, however, retirement-related enterprises may yet find rewarding opportunities in serving Hawaii's expanding elderly population.

The State of North Carolina offers a striking example of how the inception of a retirement industry has started to yield big dividends. In 1975, it ranked only 17th place as a destination for elderly in-migrants. In 1980, its ranking jumped to seventh place, and today it is the nation's fastest growing retirement state. While hard data on the economic stimulus contributed by the retirement industry is not available, between 1970 and 1980, North Carolina saw a boost in total retirement incomes from $819 million to $3.7 billion. This represents an expansion in the retirement income share of personal income from 5 percent to 8 percent. In addition to the cash and jobs generated by the new elderly residents, observers also point out that retirees, who are often persons of higher income and education, provide a growing new market for local arts and cultural activities, as well as contribute an important source of volunteer labor in local cultural organizations and community agencies.

In the long run, Hawaii is bound to grow as a haven for the world's increasingly affluent retirees. The visitor industry will play an important role in this development by providing more opportunities for the elderly to enjoy our island way of life firsthand, and envision making such a lifestyle their own. With all that such prospective new members of the community have to offer, the encouragement and expansion of Hawaii's retirement industry deserves serious consideration.

ECONOMIC INDICATORS

A Bimonthly Report on Current Economic Conditions in Hawaii
by the Research Department, First Hawaiian Bank

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Prospects for Job Creation in Hawaii to 1990

Perhaps the most fundamental question affecting the Hawaiian economy in the years ahead will be its ability to produce new jobs. Between 1970 and 1980, the total number of new jobs in the economy grew by roughly 10,000 per year resulting in an average annual growth rate of 3 percent. After 1980, however, the number of new jobs fell to a low of 2,000 jobs per year for an annual growth rate of less than one percent. Will this trend continue into the future?

Evidence indicates otherwise. The slowdown in job growth was principally due to the recession of 1980-1982. Job growth turned negative in 1982, but increased by 2 and 1 percent in 1983 and 1984, respectively. This suggests that the Hawaiian economy is on a long-term secular upturn, in line with the national economy.

The Department of Labor and Industrial Relations and the Department of Planning and Economic Development publish projections of future state economic trends. Looking at nonagricultural wage and salary jobs, the Department of Labor projects 479,100 jobs by 1990, while the Department of Planning projects a slightly lower 467,800 jobs by 1990. As of 1984, there were 412,450 nonagricultural wage and salary jobs in the economy. In order to reach either forecast, the number of jobs would have to grow by between 9,000 to 11,000 jobs a year or 2 to 3 percent annually between 1985 and 1990. Is this possible? Evidence indicates that it may be, although for different reasons than given in the two projections.

Both projections assume no improvement in economic development policies in the next five years. However, given expected changes in Hawaii's political and regulatory environment between 1985 and 1990, the likelihood of an improvement in the business climate is high. This would benefit emerging industries such as high-tech and diversified agricultural activities.

Both projections assume strong growth in tourism, and tourism-related activities such as trade, transportation, and services. Agriculture, manufacturing, and construction are assumed to be static, if not declining in the years ahead, due to the decline of sugar and pineapple, its effect on food processing jobs in the manufacturing sector, and the end of the construction boom of the seventies.

However, the construction industry could make a significant contribution to job growth. As a result of the expansion of tourism on the neighbor islands, major resort developments will be completed in the coming five years. As discussed in the May/June issue of *Economic Indicators*, major hotel, condominium, housing, and industrial development projects in West Hawaii on the Big Island are expected to exceed $1.4 billion by 1990. Development of the Maui Surf Hotel and other hotels are expected to generate over $225 million in investments on Maui. Kauai may see close to $200 million in investments associated with the upgrading of the Kauai Surf as well as other large-scale development projects.

The lion's share of development, however, will occur on Oahu. The major focus of development will be the Kakaako Community Development District. Four major projects, One Waterfront Plaza, Pacific Park Plaza, 404 Piikoi, and the Queen Kapiolani Multi-Use Community will generate nearly a billion dollars in new investment. Other large commercial projects in the downtown area are expected to yield an additional estimated $400 million in investment before 1990. The West Beach, Ewa Marina Community, and Kawela Bay developments, as well as a number of large Honolulu condominium projects can be expected to generate over $2 billion in investment. State capital-improvement projects scheduled for fiscal years 1986 and 1987 have been estimated at $586 million.

Total investments resulting from these projects alone could reach $6.6 billion by 1990. Using state construction-industry multipliers, that could result in a total of $13.2 billion in construction-related output and $9.9 billion in household income between 1985 and 1990. More importantly, the associated annual rate of job growth would be 17,500 jobs per year. While not all jobs created would be new jobs, it is clear that construction investment could place Hawaii's job totals well within range of both the Department of Labor and Department of Planning projections.

Several key points emerge from this analysis. First, while the effects of overdependence on tourism on Hawaii over the years have been questionable, the potentially bright prospects for construction, manufacturing, and diversified agriculture bode well for the improvement of wages and working conditions in Hawaii. Second, for these developments to occur, it is essential that state and county governments provide their full support for job creation in Hawaii. The efforts of our last state legislature have shown a willingness to accept the challenge of building Hawaii's economic future. We can hope that these efforts will increase over the years.

Overall, prospects for job creation look better than they have in the past. However, it is now more true than ever that a positive relationship between government and business is absolutely crucial to fulfilling the goals of economic growth, strength, and stability in the years ahead. Only by committing ourselves to work as a community to achieve these important goals can we insure a future for our children in Hawaii.

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JULY/AUGUST FEATURE STORY: HAWAII'S EMERGING INDUSTRIES

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CURRENT BUSINESS TRENDS

The impact of the United Airlines pilot strike was all too evident in June's visitor data. The Hawaii Visitors Bureau (HVB) estimated that 368,070 tourists came here in June; that represented a 15 percent drop when compared to June of 1984.

Strike-related losses during May and June brought the cumulative visitor figure for the first half of 1985 to 2,427,610, a 0.3 percent decrease when compared to the first half of 1984.

Westbound visitors (from the Mainland, Canada, and Europe) totaled 263,910, a 20 percent drop when compared to the previous year. Relatively unaffected by the strike, eastbound visitors (from the Orient and Oceania) totaled 104,160, a 1.5 percent over-the-year gain.

Since the Neighbor Islands are more dependent on the United flights than Oahu, they suffered larger losses. The number of westbound travelers to Oahu was 213,970, a 20 percent loss between June of 1984 and 1985. On the Big Island, the visitor count dropped 34 percent, Kauai's fell 26 percent, and Maui's was down 25 percent.

While the June data showed drastic decreases, preliminary indications are that a strong rebound started in July. According to the HVB, during the first ten days of July, the visitor count increased by 12 percent over the previous year. Extensive marketing campaigns, and discounts appeared to have stimulated the recovery. Judging from advanced bookings, industry leaders say that July, August, and probably the remainder of 1985 look good for tourism. However, they also are doubtful that the gains will be strong enough to make up for the losses suffered during the one-month strike.

Labor force data showed the usual seasonal increases during May. Hawaii's jobless ratio remained an impressive two percentage points below the

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	2nd Qtr.	3,870	1.5	6.2
In 1972 Dollars	bil. $	2nd Qtr.	1,676	0.7	2.3
PERSONAL INCOME**	bil. $	May	3,172p	−0.5	6.5
INTEREST RATES					
AVERAGE PRIME RATE	percent	June	9.78	−5.1	−22.4
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	April	325.7p	1.0	5.5
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	March	365.0	0.2*	3.5
Apts, Hotels, Office Bldgs	1967 = 100	March	364.6	0.1*	2.2
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	May	106,960	.0	1.7
UNEMPLOYMENT*	thous.	May	8,413	−0.2	−1.7
UNEMPLOYMENT RATE*	percent	May	7.3	0.0	−2.7
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	June	318.7	0.3	4.1
All Urban Consumers	1967 = 100	June	322.3	0.3	3.7
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	May	294.2p	0.2	1.0
All Commodities	1967 = 100	April	309.3p	0.2	−0.6

p = preliminary. *Compared to January, 1985. *Seasonally adjusted. **Seasonally adjusted at annual rates.

business activity in hawaii

TOURISM					
VISITOR EXPENDITURES	mil. $	1984	4,582p	.....	15.3
OVERNIGHT OR LONGER VISITORS	number	June	368,070p	3.1	−15.3
	number	Jan.-June	2,427,610p	.....	0.1
Westbound	number	June	263,910p	1.3	−20.5
	number	Jan.-June	1,856,210p	.....	−1.1
Eastbound	number	June	104,160p	8.0	1.5
	number	Jan.-June	571,400p	.....	4.3
AVERAGE DAILY VISITOR CENSUS	number	Jan.-June	104,970p	.....	−4.0
AVERAGE LENGTH OF STAY	no. of days	Jan.-June	10.3p	.....	−2.8
MEETING ATTENDANCE	number	Jan.-May	119,252	.....	3.6
ORGANIZED GROUP TOURS	number	Jan.-June	446,590p	.....	−2.5
VISITOR COUNT BY COUNTY*					
Oahu	number	June	213,970p	7.5	−20.5
	number	Jan.-June	1,396,130p	.....	−3.6
Maui County	number	June	125,460p	−2.4	−25.4
	number	Jan.-June	938,730p	.....	−1.6
Hawaii	number	June	45,620p	3.6	−33.8
	number	Jan.-June	352,580p	.....	−10.5
Kauai	number	June	57,230p	−4.9	−26.2
	number	Jan.-June	410,570p	.....	0.7
VISITOR ACCOMMODATIONS:					
STATE	number	February	65,919	2.1*	5.6
Oahu	number	February	38,600	0.6*	4.8
Waikiki	number	February	33,879	0.7*	5.1
Maui (Island)	number	February	13,515	4.3*	8.1
Molokai	number	February	627	−0.9*	0.0
Lanai	number	February	10	100.0*	−16.7
Hawaii	number	February	7,511	8.2*	5.1
Kauai	number	February	5,656	−0.7*	6.5
HOTEL OCCUPANCY:					
STATE	percent	May	67.6p	−8.3	−6.4
		Jan.-May	80.9p	.....	1.3
Oahu	percent	May	70.5p	−6.1	−7.2
		Jan.-May	84.4p	.....	−1.5
Maui (Island)	percent	May	76.7p	−8.3	−5.8
		Jan.-May	85.9p	.....	0.0
Hawaii	percent	May	46.3p	−17.9	−7.0
		Jan.-May	64.1p	.....	10.3
Kauai	percent	May	59.0p	−11.0	−5.8
		Jan.-May	71.7p	.....	10.3

p = preliminary. *Estimated Westbound. *Compared to October, 1984.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	1st Qtr., 1985	485.1	—	0.4
Military Payroll	mil. $	1st Qtr., 1985	217.2	—	6.1
Civilian Payroll	mil. $	1st Qtr., 1985	141.2	—	2.8
Local Purchases	mil. $	1st Qtr., 1985	126.7	—	−10.1
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	thous. $	1984	256,200	—	−4.0
SUGAR PRODUCTION	thous. tons	Jan.-May	290.7	—	−20.0
N. Y. RAW SUGAR PRICE	$/ton	Jan.-May	416.40	—	−4.9
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1984	89,900	—	−10.4
SHIPMENTS: CANNED[3]	thous. $	Jan.-May	56,386	—	−33.8
FRESH	thous. lbs.	Jan.-May	107,175	—	−2.0
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1984	120,800	—	7.3
FLOWERS & NURSERY PRODUCTS	thous. $	1984	42,905	—	18.6
Anthurium Outshipments[4]	th. dozens	Jan.-May	548.2	—	−20.6
Potted Foliage Plants	thous. $	1984	14,050	—	29.7
FRUITS & NUTS	thous. $	1984	39,403	—	2.3
Papaya Sales	th. lbs.	Jan.-May	20,719	—	−27.9
Average Farm Price	cents/lb.	May	26.0	30.0	65.6
Macadamia Nut Sales (in shell)	th. lbs.	1984	37,700	—	3.5
Average Farm Price	cents/lb.	1984	69.2	—	5.3
VEGETABLES AND MELONS[5]	th. lbs.	Jan.-May	27,145	—	−8.5
LIVESTOCK	thous. $	1984	87,000	—	0.6
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Apr.	10,304	—	−1.2
Average Farm Price (Feedlot Beef)	cents/lb.	April	87.5	−0.6	−12.1
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-May	2,569	—	3.2
Average Farm Price	cents/lb.	May	101.0	−2.9	−2.4
MILK PRODUCTION	mil. lbs.	Jan.-May	60.5	—	−6.6
Average Price Sold to Plants	$/100 lbs.	May	20.26	0.2	3.5
EGG PRODUCTION	mil.	Jan.-May	89.7	—	2.6
Average Farm Price	cents/doz.	May	80.0	−5.9	−17.1
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE	mil. $	Jan.-May	488.2	—	−15.4
PRIVATE PERMITS AUTHORIZED					
STATE:					
RESIDENTIAL	thous. $	Jan.-Feb.	79,382	—	28.7
Single Family Units	number	Jan.-Feb.	499	—	−34.5
Multiple Family Units	number	Jan.-Feb.	389	—	1,668.2
NONRESIDENTIAL	thous. $	Jan.-Feb.	36,961	—	−16.0
OAHU:					
RESIDENTIAL	thous. $	Jan.-May	128,904	—	26.3
Single Family Units	number	Jan.-May	776	—	−21.9
Multiple Family Units	number	Jan.-May	1,109	—	153.2
NONRESIDENTIAL	thous. $	Jan.-May	47,793	—	−16.8
MAUI CO.:					
RESIDENTIAL	thous. $	Jan.-Feb.	7,028	—	−14.0
Single Family Units	number	Jan.-Feb.	80	—	−30.4
Multiple Family Units	number	Jan.-Feb.	11	—	100.0
NONRESIDENTIAL	thous. $	Jan.-Feb.	2,849	—	−38.0
HAWAII:					
RESIDENTIAL	thous. $	Jan.-May	44,597	—	111.3
Single Family Units	number	Jan.-May	402	—	7.8
Multiple Family Units	number	Jan.-May	134	—	737.5
NONRESIDENTIAL	thous. $	Jan.-May	15,456	—	10.2
KAUAI:					
RESIDENTIAL	thous. $	Jan.-May	17,933	—	−1.7
Single Family Units	number	Jan.-May	151	—	19.8
Multiple Family Units	number	Jan.-May	44	—	25.7
NONRESIDENTIAL	thous. $	Jan.-May	5,038	—	20.7

*Gross taxable income valued at time of shipment.
*From Hawaii County.
*Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.

national average, holding at 5.0 percent in May, compared to 7.0 percent for the nation. The May figure also represented a healthy one-half of a percentage point reduction when compared to the previous year. Over the year, unemployment dropped from 5.5 percent in May, 1984, to 5.0 percent in May, 1985.

The total job count for the State showed an impressive 1,200 gain between April and May. However, the Department of Labor survey is conducted during the week including the 12th of the month, and the United Airlines pilot strike did not start until the 16th. Its impact was not reflected in May's data.

One important gain that should be noted in May's labor picture was the addition of 600 construction jobs. With the settlement of the ironworker's strike, the construction job count jumped to 18,500 during May. This was the highest monthly average for the industry in over three years.

Pineapple jobs also benefitted from the resolution of a labor dispute during May. Dole rehired intermittent processing plant workers who had previously been laid off during the three month strike.

Hotels showed a 500-job decline. However, the over-the-month loss reflects the usual seasonal lull before the summer rush.

All of the gains were not merely seasonal in nature. When looking at over-the-year comparisons, there were 1,800 jobs added to the Hawaiian economy between May of 1984 and 1985. This represents a 0.4 percent growth rate. The two areas showing the largest gains were construction (+1,400) and government (+1,600) jobs.

Some sectors of the real estate market showed strong improvements. While the sale of new units was still in the doldrums, the resale of existing units improved substantially.

On Oahu, for the January to May period, single-family home resales were 13 percent ahead of the same period in 1984, and condominium resales were up by 19 percent for the same time span. In general, this was true for all islands.

There were two major short-term factors contributing to the improved market. First, mortgage rates have been inching downward for several months. And second, prices have been dropping. Statewide, for the January to May period, average resale prices were 3 percent lower than in the previous year. These factors, combined with the general long-term increases in household income and in population, substantially increase the number of families that qualify to buy homes.

According to Mike Sklarz, Research

Director for Locations Inc., housing affordability has increased on Oahu. Given the lower prices, lower interest rates, and higher family income, the average family now has 86 percent of the income necessary to buy the average residence. This is a dramatic improvement from 1981 when the index was less than 40 percent.

HAWAII'S EMERGING INDUSTRIES

In today's intense struggle to find ways of broadening the state's economic base, the search for promising growth industries has become a matter of increasing concern. In this issue, we take a closer look at Hawaii's newly emerging industries, those other than the traditional mainstays of tourism, defense, sugarcane, and pineapple. To organize this discussion, they are grouped into the growing and harvesting industries, the manufacturing and investment industries, other new industries, and the public sector.

Growing and Harvesting

In this category are the businesses which grow, harvest, or catch food or other farm products. The biggest of these is diversified agriculture, which represents livestock and crop sales exclusive of sugarcane and pineapple production. With total farm sales of $208 million in 1984, diversified agriculture is more than double the size of the pineapple industry's farm sales, but is three-fourths the size of sugar.

The major crops in diversified agriculture as of 1984 are macadamia nuts ($26 million), potted foliage plants ($14 million), papayas ($19 million), and anthuriums ($7 million).

Macadamia nuts recorded an annual growth rate of 23 percent from 1974 to 1984. Flowers and nursery products, which include potted foliage plants, anthuriums, and other plants, achieved an annual sales growth rate of 19 percent over the same period, reaching $43 million in 1984.

The aquaculture industry has been widely heralded as a boom industry. Since 1976, aquaculture has grown by 47 percent annually in sales, and by 31 percent in employment. However, 1983 saw a nearly 40 percent drop in sales due in large part to the closing of Amfac's Kauai prawn farm, and Taylor A. "Tap" Pryor's Kahuku oyster farm. However, the industry picked up in 1984, and is expected to increase to $5 million in 1985.

Commercial fishing recorded strong gains from 1975 to 1979. These were later offset by difficult years, resulting

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-June	112,853	.....	−33.1
Oahu	thous. $	Jan.-June	66,506	.....	−43.6
Maui County	thous. $	Jan.-June	21,462	.....	84.2
Hawaii	thous. $	Jan.-June	8,316	.....	−25.6
Kauai	thous. $	Jan.-June	7,516	.....	−73.1
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-June	23,562	.....	−43.7
State	thous. $	Jan.-June	35,615	.....	−63.1
County	thous. $	Jan.-June	47,833	.....	57.5
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	June	355.9	0.1	2.4
HIGH-RISE	1967 = 100	June	372.4	0.2	1.4
REAL ESTATE					
NEW SALES					
OAHU: Single Family	number	Jan.-May	653	.....	−5.1
Condominium	number	Jan.-May	810	.....	−16.1
RESALES					
STATE: Single Family	number	Jan.-May	957	.....	10.8
Average Price	dollars	Jan.-May	165,324	.....	−3.1
Condominium	number	Jan.-May	1,288	.....	16.1
Average Price	dollars	Jan.-May	103,999	.....	−2.9
OAHU: Single Family	number	Jan.-May	702	.....	13.0
Average Price	dollars	Jan.-May	180,874	.....	−5.6
Condominium	number	Jan.-May	1,044	.....	18.8
Average Price	dollars	Jan.-May	98,526	.....	−1.9
MAUI CO.: Single Family	number	Jan.-May	102	.....	18.6
Average Price	dollars	Jan.-May	153,333	.....	−0.8
Condominium	number	Jan.-May	169	.....	−2.3
Average Price	dollars	Jan.-May	137,292	.....	−2.9
HAWAII: Single Family	number	Jan.-May	130	.....	4.0
Average Price	dollars	Jan.-May	92,896	.....	9.2
Condominium	number	Jan.-May	43	.....	10.3
Average Price	dollars	Jan.-May	90,539	.....	−2.9
KAUAI: Single Family	number	Jan.-May	23	.....	−28.1
Average Price	dollars	Jan.-May	153,235	.....	7.5
Condominium	number	Jan.-May	32	.....	77.8
Average Price	dollars	Jan.-May	124,781	.....	−6.9
BUSINESS SALES					
GROSS BUSINESS RECEIPTS	mil. $	Jan.-May	10,248.8	.....	0.9
DIVERSIFIED MANUFACTURING	mil. $	Jan.-May	205.5	.....	−12.5
DIVERSIFIED AGRICULTURE	mil. $	Jan.-May	110.9	.....	8.8
RETAILING	mil. $	Jan.-May	3,691.7	.....	2.1
WHOLESALING	mil. $	Jan.-May	2,623.1	.....	2.0
SERVICES	mil. $	Jan.-May	2,497.9	.....	6.2
OAHU NEW CAR SALES	number	Jan.-May	16,029p	.....	−10.4
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-May	2,815	.....	−2.5
GAS SALES	th. therms.	Jan.-May	20,917	.....	1.5
TELEPHONE LINES IN SERVICE	thous.	May	459.4	−0.2	1.5
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	June	300.4	0.1	3.3
All Urban Consumers	1967 = 100	June	293.5	0.1	3.1

p = preliminary.

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population and income in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1984	1,141.2p	.....	2.4
Total Resident Population	thous.	July 1, 1984	1,038.7p	.....	2.0
OAHU:					
Total De Facto Population	thous.	July 1, 1984	859.3p	.....	1.5
Total Resident Population	thous.	July 1, 1984	805.3p	.....	1.6
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1984	114.8p	.....	10.6
Total Resident Population	thous.	July 1, 1984	83.1p	.....	4.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1984	112.6p	.....	1.8
Total Resident Population	thous.	July 1, 1984	106.4p	.....	3.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1984	54.4p	.....	7.3
Total Resident Population	thous.	July 1, 1984	44.0p	.....	2.1
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1984	981.4p	.....	1.9
MILITARY PERSONNEL:					
STATE	number	July 1, 1984	60,804	.....	3.0
Ashore	number	July 1, 1984	56,321	.....	4.8
Afloat	number	July 1, 1984	4,483	.....	−14.9
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1984	67,083	.....	1.3
FOREIGN IMMIGRATION[1]	number	Jan.-June	2,872	.....	12.2
INCOME					
TOTAL PERSONAL INCOME**	mil. $	4th Qtr., 1984	13,549p	1.2	6.3
EMPLOYMENT INCOME[2]	mil. $	4th Qtr., 1984	9,698p	0.9	4.0
Manufacturing	mil. $	4th Qtr., 1984	437p	0.9	−4.2
Construction & Mining	mil. $	4th Qtr., 1984	430p	−10.2	−21.2
Wholesale	mil. $	4th Qtr., 1984	411p	0.5	5.9
Retail	mil. $	4th Qtr., 1984	1,102p	2.0	4.5
Finance, Ins., & Real Estate	mil. $	4th Qtr., 1984	656p	1.4	2.9
Trans., Comm., & Util.	mil. $	4th Qtr., 1984	865p	1.1	5.6
Services	mil. $	4th Qtr., 1984	2,182p	1.5	7.8
Farm & Other	mil. $	4th Qtr., 1984	307p	0.3	8.5
Federal Civilian	mil. $	4th Qtr., 1984	876p	0.6	3.9
Federal Military	mil. $	4th Qtr., 1984	1,276p	0.6	8.0
State & Local	mil. $	4th Qtr., 1984	1,146p	3.6	5.7
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	4th Qtr., 1984	2,694p	2.3	16.0
TRANSFER PAYMENTS (1,788) minus Personal Contributions for Social Insurance (630)	mil. $	4th Qtr., 1984	1,158p	1.9	5.9
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1983	12,115p	.....	4.5
Oahu	dollars	1983	12,697p	.....	4.9
Maui County	dollars	1983	10,963p	.....	3.4
Hawaii	dollars	1983	9,396p	.....	3.1
Kauai	dollars	1983	9,867p	.....	2.7

**Total personal income and all components are seasonally adjusted at annual rates.
[1]Includes only those entering Honolulu ports and do not include status changes.
[2]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

HAWAIIAN BANK
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in a modest 7 percent annual rate of growth. The industry's present outlook appears uncertain. The closing of Hawaiian Tuna Packers' cannery at Kewalo Basin in October of last year idled 350 employees and at least temporarily closed a major market for aku fishers. Similarly, layoffs and reorganization of the Hawaiian Shrimp Company's deep sea shrimp operations have dampened enthusiasm for what was a much publicized new area. Furthermore, while efforts continue to attract West Coast fishers, including purse-seining tuna fleets, and promote their use of Hawaii's ports, concern has now surfaced concerning the impact those fleets might have on Hawaii's local fishermen. Nevertheless, a Maui County project to raise baitfish for commercial fishers signals continued development of the industry.

Manufacturing and Investment

Not counting sugarcane and pineapple processing, diversified manufacturing includes things such as garment makers, noodle factories, concrete producers, and bakeries. Statistics show that the industry enjoyed boom years in 1975 and 1979, when annual sales increases exceeded 14 percent. This was balanced by a big loss in recessionary 1982 when sales fell nearly 16 percent. Overall, diversified manufacturing sales grew annually by only 4 percent from 1974 to 1984.

A related activity is local petroleum refining, which is composed of sales by Pacific Resources, Inc., and by Chevron of Hawaii at their Campbell Industrial Park refineries. These refining enterprises generated about $1.1 billion in total sales of refined products in 1984, substantially down from a peak of $1.7 billion achieved in 1980. This reflects the recent softening of the petroleum product market worldwide.

Although not typically considered an industry, foreign investments represent an infusion of out-of-state capital, providing an economic stimulus that spurs capital investment and job creation. Over the past ten years, foreign investment has gone through enormous swings, with a record high of 525 percent growth experienced in 1982, and a low of minus 84 percent in 1974. The primary force behind the boom years has been Japan, which supplied 68 percent of the foreign investments made. This extraordinary past record of growth in Hawaii's foreign investments is not likely to be repeated in the near future. Nevertheless, with new investments of $100 million to $600 million per year since 1980, foreign investments must be acknowledged as a powerful

force in shaping the state's economic future.

Other New Industries

The motion picture industry in Hawaii is another emerging industry. At $38 million in expenditures recorded for 1984, filmmaking rivals flower and nursery product sales in size, and outstrips them in annual rates of growth. Since 1976, the average annual increase in the film industry's direct expenditures exceeded 25 percent, with average annual job growth at 15 percent.

The film industry has also drawn substantial support from government. In 1983, a $10 million special revenue-bond issue was authorized by the legislature to construct film and sound studios in Pearl City, and last year, the legislature authorized the State Film Office to expedite permit procedures for filmmakers. Furthermore, the Neighbor Islands have begun their own efforts to attract motion picture business through the establishment of the Kauai Film Industry Advisory Council and the Hawaii Island Film Industry Committee. The economic development boards of Maui and Oahu have also begun efforts to support filmmaking on their islands.

Hawaii enjoys a small but healthy high technology or "high-tech" industrial sector in terms of electronics, communications, and business technology. It was recently estimated that 142 high-tech firms in Hawaii generated $200 million in annual sales. Other areas related to high-tech include such spotlighted activities as astronomy, alternate energy, marine science, and the developmental aspects of diversified agriculture and aquaculture.

The state's principal astronomical research facility on the summit of Mauna Kea is estimated to bring $8 million into the state annually and employ 95 people. Five new telescopes are now under construction or are being planned, which are expected to bring 31 additional high-tech jobs to Hawaii upon completion.

Regarding alternative energy, the Department of Planning and Economic Development estimates that funding for alternative energy research projects topped $67 million over a ten-year span.

Another area is spending for research and development in Hawaii's universities and colleges. Since 1974, expenditures have grown steadily by nearly 10 percent per year, bringing this sector's expenditures to over $43 million, exceeding the size of both the film industry and sales of flowers and nursery products. Because of its link to high technology industries, trends in university-based research are worth

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	May	483.9p	1.5	1.3
Employment	thous.	May	459.7p	1.2	1.7
Unemployment	thous.	May	24.2p	7.1	−7.3
Unemployment Rate	percent	May	5.0p	6.4	−9.1
OAHU:					
Civilian Labor Force	thous.	May	368.9p	1.4	1.1
Employment	thous.	May	352.1p	1.1	1.6
Unemployment	thous.	May	16.9p	8.3	−7.7
Unemployment Rate	percent	May	4.6p	7.0	−8.0
MAUI COUNTY:					
Civilian Labor Force	thous.	May	45.0p	2.0	2.3
Employment	thous.	May	42.7p	1.9	2.9
Unemployment	thous.	May	2.3p	4.5	−8.0
Unemployment Rate	percent	May	5.0p	2.0	−12.3
HAWAII:					
Civilian Labor Force	thous.	May	47.9p	1.9	1.9
Employment	thous.	May	44.1p	1.4	2.1
Unemployment	thous.	May	3.8p	5.6	0.0
Unemployment Rate	percent	May	8.0p	6.7	−1.2
KAUAI:					
Civilian Labor Force	thous.	May	22.2p	0.9	0.5
Employment	thous.	May	20.9p	1.0	1.0
Unemployment	thous.	May	1.2p	0.0	−20.0
Unemployment Rate	percent	May	6.0p	5.3	−9.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	May	460.9p	0.3	0.4
SUGAR (Mill and Field)	thous.	May	7.5p	0.0	−7.4
PINEAPPLE (Cannery and Field)	thous.	May	4.1p	7.9	0.0
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	May	15.5p	−0.6	−1.9
Durable Goods	thous.	May	2.9p	0.0	−14.7
Non-Durable Goods	thous.	May	12.6p	−0.8	0.8
Apparel and Textiles	thous.	May	3.1p	3.3	3.3
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	May	7.2p	5.9	−10.0
CONTRACT CONSTRUCTION	thous.	May	18.6p	3.3	8.1
TRANSPORTATION	thous.	May	22.5p	−0.9	0.9
COMMUNICATION	thous.	May	7.4p	−1.3	−2.6
UTILITIES	thous.	May	2.5p	0.0	0.0
RETAIL TRADE	thous.	May	93.6p	0.4	1.6
WHOLESALE TRADE	thous.	May	19.0p	1.1	−0.5
FINANCE, INSURANCE AND REAL ESTATE	thous.	May	32.3p	0.3	1.3
HOTEL SERVICES—STATE	thous.	May	28.9p	−1.4	0.0
Oahu	thous.	May	16.0p	−1.8	0.0
Maui County	thous.	May	6.7p	0.0	1.5
Hawaii	thous.	May	3.9p	−2.5	−2.5
Kauai	thous.	May	2.3p	−4.2	4.5
OTHER SERVICES	thous.	May	81.3p	0.1	0.1
FEDERAL GOVERNMENT	thous.	May	32.6p	0.3	2.2
Civilian Agencies	thous.	May	11.7p	0.0	4.5
Defense Department	thous.	May	20.9p	0.5	1.0
STATE GOVERNMENT	thous.	May	49.7p	0.6	1.8
COUNTY GOVERNMENT	thous.	May	12.6p	−0.8	−0.8
NON-AGRICULTURE SELF-EMPLOYED	thous.	May	25.8p	−1.1	−5.8
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	May	9,778	−19.1	−12.2
INTRASTATE INITIAL CLAIMS	number	Jan.-May	31,123	.....	3.1
INTERSTATE INITIAL CLAIMS	number	Jan.-May	1,498	.....	−10.4
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-May	30,877	.....	−0.7

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	May	59,042	−0.2	−4.6
Payments	thous. $	Jan.-May	41,195	.....	−4.9
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	May	51,663	6.2	6.8
Payments	thous. $	Jan.-May	74,803	.....	14.9
FOOD STAMPS:					
Recipients[1]	no./persons	April	99,031	−0.2	−0.8
Payments	thous. $	Jan.-Apr.	31,269	.....	17.0
SERVICES:					
Recipients[1]	no./cases	1st Qtr.	4,678	−31.8	−32.5
Payments	thous. $	1st Qtr.	3,566	.....	−5.8

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	May	6,737.2	0.2	6.4
Debits To Demand Deposits	mil. $	Jan.-May	38,775.6	.....	3.6
OAHU:					
Total Deposits	mil. $	May	5,550.7	0.3	6.1
Debits To Demand Deposits	mil. $	Jan.-May	35,159.4	.....	2.7
MAUI COUNTY:					
Total Depcsits	mil. $	May	445.3	−0.9	7.5
Debits To Demand Deposits	mil. $	Jan.-May	1,568.9	.....	13.9
HAWAII:					
Total Deposits	mil. $	May	497.9	0.0	7.9
Debits To Demand Deposits	mil. $	Jan.-May	1,468.6	.....	12.6
KAUAI:					
Total Deposits	mil. $	May	243.2	0.7	7.9
Debits To Demand Deposits	mil. $	Jan.-May	578.8	.....	12.6
BANK LOANS OUTSTANDING—STATE:	mil. $	1st Qtr.	4,259.4	1.4	10.2
Real Estate	mil. $	1st Qtr.	1,691.7	0.4	2.9
Consumer	mil. $	1st Qtr.	987.0	4.5	16.1
Commercial & Industrial	mil. $	1st Qtr.	1,275.3	3.0	19.7
Other	mil. $	1st Qtr.	305.3	−8.8	−0.4
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	May	12.9p	0.8	2.4
SAVINGS & LOAN ASSOCIATIONS:[1]					
TOTAL DEPOSITS	mil. $	April	3,619.5	0.6	−4.5
LOANS	mil. $	April	69.2	37.6	0.6
Residential	mil. $	April	44.5	58.4	105.1
Other	mil. $	April	24.7	11.3	−47.7
TAX COLLECTIONS:[2]					
STATE	thous. $	Jan.-May	606,700	.....	7.0
Oahu	thous. $	Jan.-May	523,260	.....	5.3
Maui County	thous. $	Jan.-May	36,973	.....	22.4
Hawaii	thous. $	Jan.-May	33,462	.....	14.4
Kauai	thous. $	Jan.-May	13,002	.....	20.3

[1]Includes data for both Hawaii and Guam.
[2]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

watching as an indicator of growth in these industries.

The Public Sector

The commanding presence of government in Hawaii is manifest in several ways. In 1983, Hawaii ranked highest in the nation in the state's per-capita tax burden. Other figures show that the state ranks second nationwide in federal expenditures per capita, and fourth nationwide in state and local tax revenues per capita. This picture is supported by statistics on the public sector as a whole. Excluding federal defense expenditures, the combined spending by civilian federal agencies and by state and county governments in Hawaii grew from $1.7 billion in 1974 to $4.7 billion in 1984, surpassing expenditures in the visitor industry. Not only is this amount of spending large, but the rate of growth in government spending over the period has been rapid, averaging 11 percent a year.

This expansion reflects growth in different public programs. The majority of nondefense federal expenditures represent transfer payments to individuals such as social security and welfare, and grants to other government agencies for road building, education, and other programs. State and county government budgets, on the other hand, represent the direct provision of services such as education, public health, and public safety.

The rapid growth in public spending has not translated into comparable increases in jobs. Overall, public sector jobs have grown at an annual rate of just 2 percent. However, government is still a major employer in Hawaii, employing one out of every five workers, or three-fourths the number of workers in the tourist industry.

Conclusion

According to this overview of Hawaii's emerging industries, the Hawaiian economy is evolving into a qualitatively new and different form. With the exception of tourism and the public sector, the economy is being influenced less and less by a few large industries. Rather, it is developing into a complex mosaic of many small firms working in a variety of different areas.

The implications are twofold. First, small businesses will increasingly become the backbone of Hawaii's economy; and second, because of the diversity of activity, public-policy efforts to stimulate growth will need to focus as much on general policies to improve the general business climate as on specific policies to assist particular industries.

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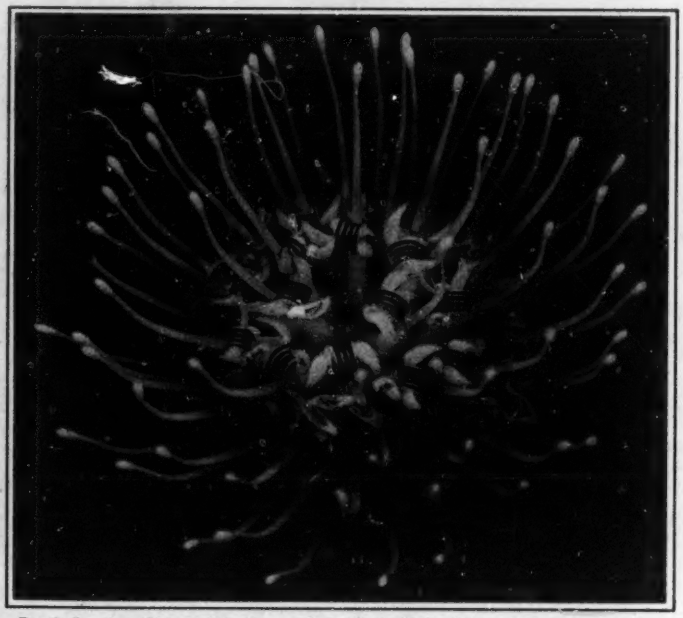

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